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Strategic Roadmap Creating Process

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Strategic Roadmap Creating Process

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The subject of this thesis was the description of the creation of the Strategic Roadmap for the start-up company Raavus Oy. The thesis consists of two sections. The first section is the description of the process of the Strategic Roadmap including the description of the company and the environment, the theoretical subtext of the Strategic Roadmap and the description of the actual work process during the strategy formation. The second section consists of the appendix including the Strategic Roadmap as it was formulated during the process. Some appendixes of the Strategic Roadmap are classified for the internal use of Raavus Oy. The Strategic Roadmap is a focused rubric to achieve the company vision.

The objective of this thesis was to create and describe the strategy process which resulted in a Strategic Roadmap. The process is described in three parts. The first part describes the goals, the company and its environment in the context of the strategy creation. The second part describes the theoretical subtext that was used in the strategy process. Associated terms include strategy, organization, vision, mission, values, and change. The theory part borrowed from multiple schools of the strategic management and associated branches of the management literature. The third part includes the description and the consideration that helped to form the Strategic Roadmap.

The other purpose of this thesis was to elaborate on the strategic management field for Raavus Oy and provide tools for the everyday strategic management. The Strategic Roadmap was designed to be in line with the vision of the company and to provide documentation to be communicated to the stakeholders of the company.

This thesis is operational and emanates from business life. The thesis was created to match the needs of the company. The first section of this thesis can be used as a guide for future projects in Raavus Oy or in other start-up companies. This thesis is the first written general strategic document for the company and, therefore, is a quantum step towards the overall strategic management.

Keywords: Strategy, strategic roadmap, change, start-up company

Eetu Kirsi

Strategisen reittikartan luominen

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Opinnäytetyön aiheena on strategisen reittikartan luomisprosessin kuvaus nuorelle Raavus Oy:lle. Opinnäytetyö koostuu kahdesta osasta. Ensimmäisessä osassa kuvataan strategisen reittikartan luomisprosessi. Tähän osaan sisältyy yrityksen ja sen toimintaympäristön esittely, teoreettisen viitekehyksen esittely ja strategisen reittikartan luomisprosessin kuvaus työvaiheittain. Toinen osa on Raavus Oy:lle luotu strateginen reittikartta ja se löytyy liitteestä. Osa strategiakartan sisäisistä liitteistä on turvaluokiteltuja ja tarkoitettu vain yrityksen sisäiseen käyttöön. Strateginen reittikartta on ohjeisto, joka pyrkii auttamaan yritystä vision saavuttamisessa.

Opinnäytetyön tavoitteena on kuvata strategiaprosessi, jonka tuloksena oli strateginen reittikartta sisältäen esityksen missiosta, visiosta ja arvoista. Prosessi on kuvattu kolmessa osassa. Ensimmäisessä osassa kuvataan projektin tavoitteet, kohdeyritys ja sen toimintaympäristö peilaten strategiaprosessiin. Toisessa osassa kuvataan strategiaprosessin läpiviemiseen käytetty teoreettinen viitekehys sisältäen strategian, organisaation, vision, mission, arvot ja muutoksen. Viitekehys lainaa teorioita laajasti strategisen liikkeenjohdon eri alueilta ja soveltuvien osin myös muilta liikkeenjohdon osa-alueilta. Kolmannessa osassa kuvataan strategiaprosessi ja näkökohdat, jotka auttoivat strategisen reittikartan luomisessa.

Opinnäytetyön toisena tavoitteena oli selventää strategisen liikkeenjohdon kenttää Raavus Oy:lle ja tarjota työkaluja jokapäiväiseen strategiatyöhön. Strateginen reittikartta laadittiin siten, että se vastaa mahdollisimman tarkasti yrityksen osakkaiden näkemyksiä ja tarjoaa siten dokumentin, jonka viestiminen sisäisesti ja sidosryhmille on mahdollisimman helppoa.

Opinnäytetyö on toiminnallinen ja työelämälähtöinen. Kohdeyrityksen edustajien kanssa keskusteltiin tiiviisti ja heidän esittämät tarpeet otettiin huomioon opinnäytetyön jokaisessa vaiheessa. Opinnäytetyön ensimmäistä osaa voi käyttää oppaana niin Raavus Oy:n tuleviin, kuin muidenkin aloittavien yritysten strategiaprosessien läpivientiin. Strateginen reittikartta on ensimmäinen kohdeyritykselle laadittu ylätasoinen strateginen dokumentti ja on siksi merkittävä askel kohti entistä tehokkaampaa liikkeenjohtoa.

Asiasanat: Strategia, strateginen reittikartta, muutos, aloittava yritys

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	Appendix 1 Strategic Roadmap of Raavus Oy	Virhe. Kirjanmerkkiä ei ole määritetty.

1 Introduction

This security management studies thesis is a description of the strategy process of Raavus Oy in the first half of 2010. The outcome of this strategy process is a Strategic Roadmap that includes the mission, values, vision goals and strategies to achieve those goals. As this thesis is description of a strategic process, unclassified parts of the Strategic Roadmap of Raavus Oy can be found attached. It is important to note that the Strategic Roadmap is only one part of the equation. Other part is implementing the strategy to the organization. Template used for the implementation of the Strategic Roadmap to Raavus Oy is also covered in this thesis.

This thesis will also describe the subjective learning process involved in strategy making. As learning requires change, as do the implementation of the new strategy, the subject of change is covered widely. Writer of this thesis is the chief executive officer (CEO) of Raavus Oy and is also responsible for the guidance of the implementation process of the Strategic Roadmap. With the implementation of the Strategic Roadmap Raavus Oy will also have a test run with the new internal communications procedures.

1.1 Background

Raavus Oy is on demand for a document quantifying overall strategy for several reasons. There is growing need for Raavus Oy to report its functions in written format as it aims to grow as crisis management solutions provider. To reach this goal Raavus Oy has already prepared and put in to practice numerous managerial documents including safety and security policies and strategies, quality management system, internal communications guidelines and a business plan for the next generation situation awareness and command solution (SACS) for crisis management.

Other reason to write overall strategic document is the demand from stakeholders, especially from crisis management customers. This demand does not base on the need for a strategic planning but instead on continuity and security of the operations of the company. With certain strategic documents that are openly communicated to the customers trust can be earned and deals can be negotiated confidentially.

1.2 Purpose and exclusions

The Strategic Roadmap and this thesis are aimed to enhance the strategic viability of Raavus Oy and to increase the productivity of the company by providing guidelines and support to wander outside the comfort zone of the shareholders. Purpose of the project was to find the best possible strategic options to match the situation, core competencies, environment and

resources of the company. Other object was to pool the expertise of the shareholders of the company to envision common and unifying strategic plan. The Strategic Roadmap is intended to be the spearhead of the strategic documentation and communication in Raavus Oy. Lesser strategic documents elaborate goals and strategies further. Examples of these include technology strategy, public relations strategy, communications strategy, security and safety strategy and marketing and selling strategies.

The purpose of this thesis is to explain and decipher the strategic choices made by Raavus Oy during the strategy formation from first intention to finalized version of the Strategic Roadmap and subsequent implementation of strategy. On the other hand the purpose of this thesis is to be of a future use in the further strategic planning and management of the company.

The strategic Roadmap and this thesis are confined to support the development, marketing and selling of the Situation Awareness and Command Solution (SACS) -software.

1.3 Goals and methodology

The first goal of the Strategic Roadmap is to support the business logic of Raavus Oy. Second goal was to provide business risk management tool that could help to predict the outcomes of the decisions as well as guide the decisions to be more coherent. Third goal was to reorganize and formalize the strategic knowledge of the writer and the company. At the planning stage other possibilities were prospected. One possibility was to leave the strategy unwritten but only empower the unwritten rules of the company to strengthen the company culture like the Japanese corporations have done for decades.

Goals were set based on the will of the writer, and the demands and aspirations of the company. Goals were discussed in open dialogue between the shareholders of the company. Some leeway for new goals to merge and old ones to change was left. Only change in the goals during the project was the exclusion of direct pecuniary goal. Originally goal was to allow Raavus Oy to close one or two deals of 50.000€ during the next three years but it soon became evident that no such sum can be set as the amounts can vary wildly depending on the customers and their needs. Other option would have been to set goals written in stone but that might diminish the innovation and creativity too much.

Methodology and methods for the Strategic Roadmap project were not found from any one source. Raavus Oy believes that unique methods and outcomes create the greatest competitive advantage. The creative strategy process of Raavus Oy was compiled from the wisdom of strategic management and entrepreneurial authors with the insights of the Shareholders of the company.

Analytical processes kicked in only after the vision, mission and values were written. Analyses included relative forces of the marketplace. After the analysis intermediate goals were set based on the vision. Strategies to achieve those goals were designed from the distilled wisdom gathered during the process. Some iterative rounds were used for every step of the process so that the learning had time to occur. Methodology is discussed further in the chapter 4.

1.4 Structure of the thesis

This thesis constitutes of three parts. First part includes two introductions, one of which includes operational premises and description of Raavus Oy and its environment (Viitala & Jylhä 2006, 26-28; 30-32). First part concludes with theoretical subtext of the themes associated with the strategic management and change. First part includes chapters 1 through 3.

Second part describes the actual work process that gave birth to the Strategic Roadmap. After the actual work process description the necessary steps to implement that newfound strategy to the context of Raavus Oy are discussed. To conclude the second part the process is viewed as a learning process and the outcomes of that process are subjected to closer examination. That examination will include conclusions of the work done.

Third part is the Strategic Roadmap of Raavus Oy. The Strategic Roadmap in the appendix 1 is considered actual official documents of the company and as such is the best instrument to measure the success of this project.

2 Frames of reference

There might not be a single executive that wouldn't want the ability to mold the environment to his will. But as the business world is a complex ecosystem of multiple entities of various degrees of size, form, rationality, specialization, centralization, complexity and formality and with wildly varied goals (Harisalo 2008, 19-28). It is all but impossible to be the master of all things. Therefore one of the most important aspects of strategic planning is to look at and analyze the environments of the organization.

First Raavus Oy is presented from different angles to get a feel for the company. Discussed aspects include structure, history, learning, values, vision and mission. The second part presents the environment of company. The third part describes the SACS-software from the technical, competition, and customer angles. On the fourth part viewpoints for this thesis and the Strategic Roadmap are set.

2.1 Raavus Oy

Raavus Oy is a limited company innovating, producing and selling sophisticated intra- and internet applications with a focus on systems providing planning tracking and reporting capabilities for crisis management actors (SACS-software). Raavus Oy was established in 2007 by three friends with differentiating skill sets. By June 2010 Raavus Oy has introduced three additional shareholders to compliment the original founding members. Of the current shareholders, one is a Venture Capital (VC) company and others are individuals. First of the founding members, Chair and chief technical officer (CTO) is Oskari Summanen who works for Paimio municipal as an IT-engineer. He has an engineering degree on embedded systems from Turku University of applied sciences. Second founding member, Eetu Kirsi acts as CEO of the company and is also a board member. He is a security management student in Laurea University of applied sciences. Kirsi was on crisis management duty with the Finnish armed forces for over two years. Third founding member is Jyrki Kyynäräinen who studies in the Kuopio University to be a medical doctor. Kyynäräinen holds a board membership.

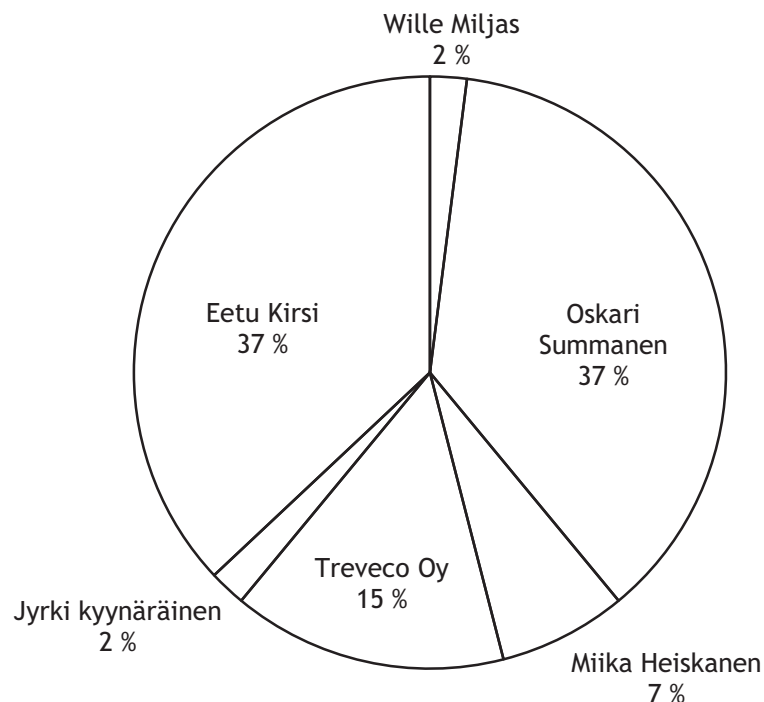


FIGURE 1. Distribution of shares in Raavus Oy, June 2010.

Treveco Oy is a VC company operating from Tampere region. Treveco Oy holds one board membership. Raavus Oy and Treveco Oy have arrangement on capital funding, sparring and guidance. Miika Heiskanen is an IT-engineer and a good friend of Oskari Summanen. He has

the fourth largest share of company. Heiskanen has committed to the next development cycle of the SACS-software. Wille Miljas is a business marketing student in Haaga-Helia University of applied sciences and holds a position as a Vice President (VP) of sales and marketing. Raavus Oy is still looking for at least one shareholder with senior experience and prestige from crisis management and business. Current distribution of the shares is displayed in the FIGURE 1.

As a small entrepreneurial venture Raavus Oy has only loose organizational structure. Instead of hierarchical structure the company employs team organization. According to Meredith Belbin optimal team size ranges from four to six persons to accommodate all the necessary tasks and functions of a team without the problems that larger team size could bring (Belbin 2010, 109-119). Size of the teams in Raavus Oy has ranged from two to three individuals. For the new development cycle of the SACS-software, the size of the teams needs to increase as not all essential capabilities can be found from three persons. Aiming for the upper end of Belbin's proposed team size gives also the ability for more efficient networks learning (Sydänmaalakka 2009, 52-57).

2.1.1 History

Raavus Oy was established to facilitate a business deal with the Finnish defense forces by Eetu Kirsi and Oskari Summanen. Kirsi participated in the Finnish unit of European Union Battlegroup (EUBG¹) in 2006 and 2007. During a command exercise in October 2006 Kirsi found out that messaging management was barely adequate as it was done with tools not suited for the purpose. Tools included Microsoft Excel and notepad. During the exercise he contacted Summanen who was familiar with programming languages. He was interested in the project and programmed the first version of messaging management software Viestilokitietokanta (Vilotika). Specifications for the software were given by Kirsi and his coworkers in Tactical Operations Center (TOC). Soon after the first version Vilotika was commonly used to log all

¹ The European Union Battlegroup Concept consists of highly trained, battalion-size formations of about 1500 soldiers each. Each Battlegroup includes all combat and service support including deployability and sustainability assets. Group should be deployed and available within 10 days of decision of European Council. Maximum time of deployment without rotation is 120 days. Battlegroup should be flexible and be able to promptly undertake operations in distant crises areas. Mandate of the UN is advisable but not mandatory. Battlegroup should be able to conduct combat missions in an extremely hostile environment. Battlegroup should be able to prepare the ground to larger, more traditional peacekeeping forces. Every Battlegroup has been formed in multinational fashion. (Quille, 2006, p.5.) Eetu Kirsi worked on the first Finnish Battlegroup rotation during 2006-2007.

messaging and track the movement of the units. Summanen wrote his thesis for Turku University of applied sciences on the Vilotika and received highest grade. He graduated in the spring of 2007.

After the graduation of Summanen he and Kirsi continued to develop Vilotika. Interest rose from the next Battlegroup rotation to use The Vilotika as their messaging and troop control software. Raavus was established to sell the refined and updated version of the Vilotika to EUBG. Battlegroup used Vilotika for the duration of their rotation. After their rotation ended in 2009 no new Battlegroup was formed. Eetu started studies in the security management and Vilotika was set to intermission.

Starting from 2008 Raavus Oy has been doing smaller projects with organizations mainly consisting of Internet pages. All of the shareholders have the ability to design and implement a basic Internet site. Come autumn 2009 and Vilotika was a hot topic once again. Eetu attended the entrepreneurial Bootcamp in Cambridge and the business idea behind Vilotika was praised and consequently refined. Miljas was then introduced to Raavus Oy. Scope of the product was expanded and the term Situation Awareness and Command Solution (SACS) was coined. Name of the product was changed to the AVUS to attract international customers. The project was extended to include the mission planning and reporting. New milestones were set and possible financiers were contacted. Raavus Oy was introduced to Treveco Oy in the September 2009. Raavus Oy started to scope for new professionals and new partners to aid in the making of the new improved product. Heiskanen was introduced to other shareholders in January 2010 by Summanen.

2.1.2 Learning

From the beginning two of the most important goals of Raavus Oy have been learning in all levels and the education and satisfaction of the customer. Model of the learning that Raavus Oy has been using comes from Pentti Sydänmaanlakka and is displayed in the FIGURE 2.

Learning is divided in three categories. Those categories reflect the organizational levels of individuals, teams and the whole organization. Learning in all levels has enabled Raavus Oy to be more swift and precise on the marketplace. At the individual level Raavus Oy supports implementation of the learned knowledge. On the team level Raavus Oy supports individuals to find common interpretations, and sharing of knowledge. Knowledge linkage and implementation are also important tasks of teams. Most important aspect of learning for the strategy formation is the company's ability to create, communicate, and direct the knowledge. (Sydänmaalakka 2009, 61-63.)

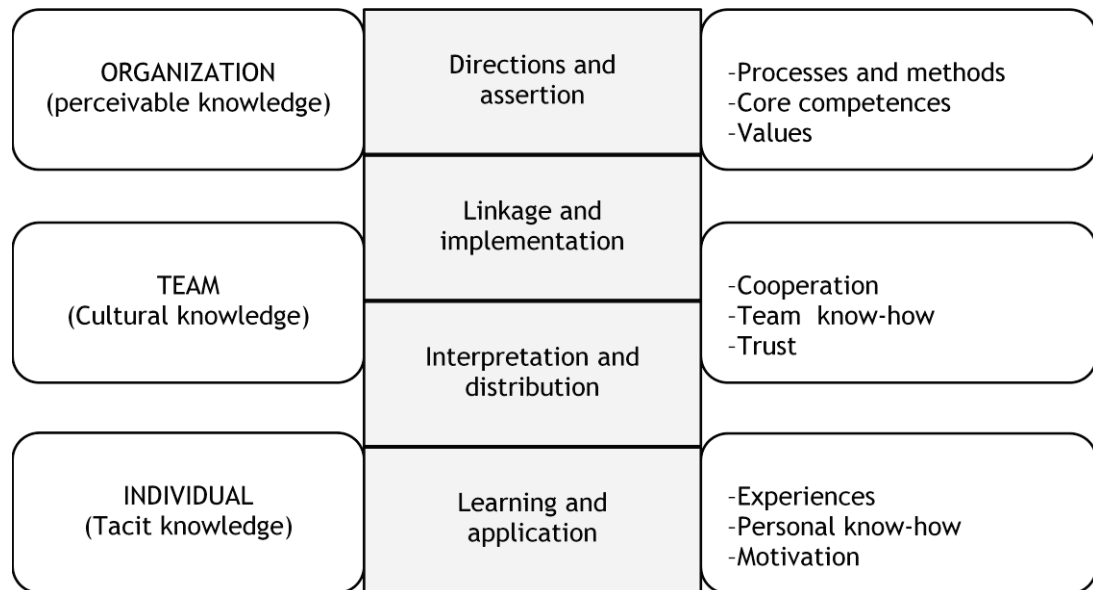


FIGURE 2. The translation of Raavus Oy on the categories of learning and four learning processes. (Sydänmaalakka 2009, 62.)

Sydänmaalakka has been the most influential author affecting the learning processes of Raavus Oy. His books on innovative leadership and creativity have been the beacon to which Raavus Oy has based its learning. Individual learning, team learning and organizational learning all have high impact on the competitive edge of the company. Other important author has been Peter M. Senge with his five disciplines and learning organization (2006).

Five of the six shareholders of Raavus Oy have University degree or are studying in a University. Fields of expertise vary widely to accommodate different competences. Four of the six shareholders work in a day job that has some beneficial effects to the knowledge of the company. For example Oskari Summanen works as an IT-architect and further advances his skills as a CTO that way.

2.1.3 Values, Mission and Goals

Values of Raavus Oy reflect the values rooted in the Finnish culture. High quality and trustworthiness are the value basis for Raavus Oy. Equality and well-being direct the functions and operations of the company. Self-sufficiency has been raised as one of the company's core values without implying that everything needs to be done inside the company. Philosophy of Raavus Oy is actually quite contrary. The company is always looking for chances to work closely with the interest groups on broad and multifaceted projects. The goal here is to gain vantage by synergy. Methods that the company is using to achieve that goal include, for example, tripartite testing environment where Raavus Oy, the customer, and outside actor like

a group of students each test the same prototype or beta version. Each group brings new viewpoint and new ideas to project thus adding value (Elsdon 2003, 205-206).

Somewhat refined mission statement of Raavus Oy has been based on three pillars that resonate with the values of the company. First pillar is the progressive quality enhancement and maintained usability of the products. Other pillar is the well being of employees in all forms. Third pillar is the self-sufficiency and employee ownership. The mission statement of Raavus Oy has been refined in emergent fashion multiple times. Most changes in the mission statement have been due to the changing situations in the personal lives of the shareholders and evolving insight on the desires and the goals of each shareholder. The pace of the changes in the mission statement is also an indication of the readiness to evolve and adapt and to meet the ever changing environmental demand. Drawing lines between aspects, the evolution of the mission statement is also linked to continuous learning of the company.

The mission statement is accompanied by the vision statement which gives realistic, credible, and attractive future for the company. Malmi, Peltola and Toivanen (2006, 62) mention that "Vision should be bound to time". There has been no set schedule for the vision to be fulfilled until the new Strategic Roadmap. This has been detrimental to the resource mapping and strategic management of the company. The vision introduced in the strategic map bounds the vision to time.

The strategic decisions of Raavus Oy have been made on day to day basis without other guidelines than the culture, the values and the mission of the company. The shareholders work in a close cooperation and thus information exchange and communication has happened naturally without a plan. The communication has suboptimal in the most cases but it has been natural and adequate. Meetings are mostly based on badinage and the reporting is done in a close cooperation. Recent interviews for all the shareholders of the company showed that there is, however, some aspects in the communication that needs to be assessed and guided (Miinalainen, Kouvalainen, Vilén & Kirsi 2010). Even though no strategy is ever written it doesn't mean that there has not been strategy. Every shareholder of the company knows the strategy and the evolution of the strategy has been a constant subject of discussion. Sydänmaalakka points out that the most important thing for today's company is its ability to renew (Sydänmaalakka 2009, 58-60). From this basis there has been no need for written strategy in Raavus Oy up until now as stated in the introduction.

2.2 Operational environment

Operational environment of the company is the environment of the members and interest groups where most of the operations take place. It can be divided further to internal and external environments or to cooperation, competition and customers or to technological, environmental, cultural, economical and to social environments as can be seen in FIGURE 3. (Hulkko, Passoja, Piira & Vuoristo 1998, 13.)

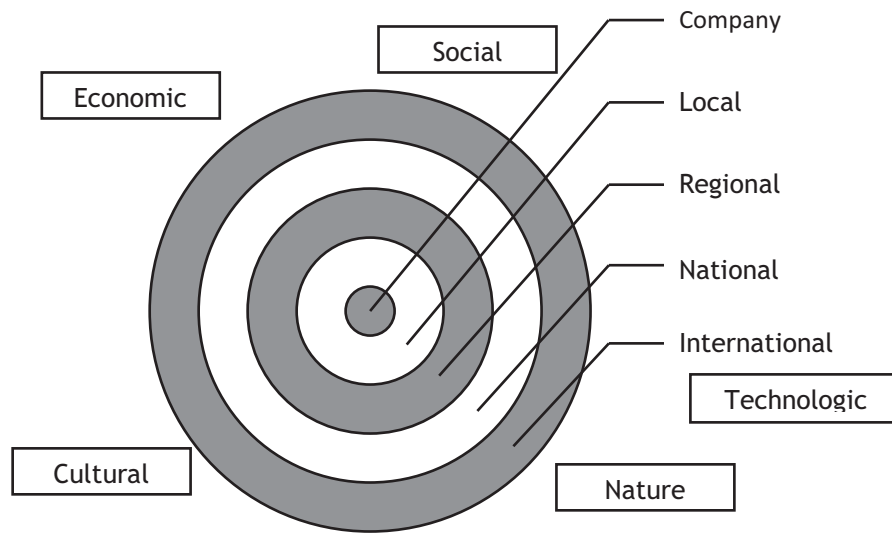


FIGURE 3. Different levels and differentiating environments of a company adapted to the situation of Raavus Oy. (Hulkko et al. 1998, 11.)

Ian Worthington points out, that the basic interaction with the environment is achieved by transforming inputs to outputs. External influences affect the firm and its activities as seen in FIGURE 4. More usually than not, the external environment is complex and volatile. External environment can never be ignored if comprehensive business analysis needs to be done. (Worthington & Britton 2006, 3.)

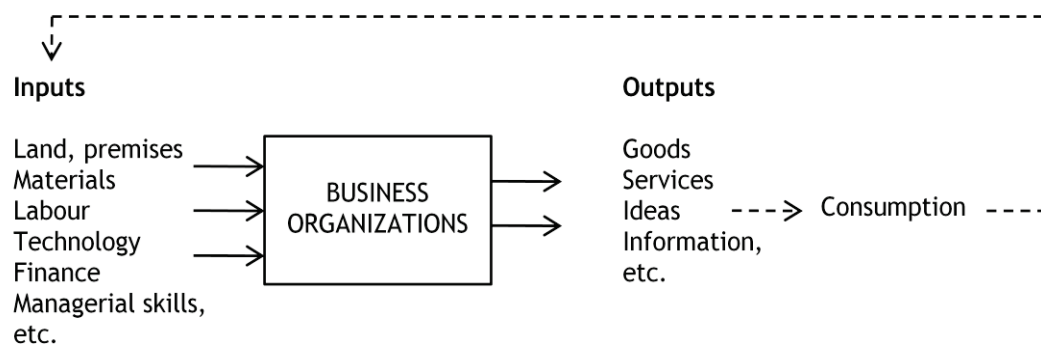


FIGURE 4. Business organization as a transformation system. (Worthington & Britton 2006, 5.)

It is quite hard to define operational environment for Raavus Oy. If talking about closed sales for the products of the company, geologic and economic environment is currently limited to Finland and to peacekeeping missions of Finland in Afghanistan and Kosovo where the products has been tested. If talks and intentions are considered Raavus Oy has been in communications with the British ministry of foreign affairs and the Swedish peacekeeping mission in Afghanistan. For the expansion of operations Raavus Oy is currently in the process of compiling a “Player map” in which all of the known contacts, associates, competition and wished for contacts are positioned in a clarifying network (Tolonen 2010). By this, Raavus wishes to establish new stronger connections to the most important acquaintances. Form for the player map of Raavus Oy can be seen in FIGURE 5.

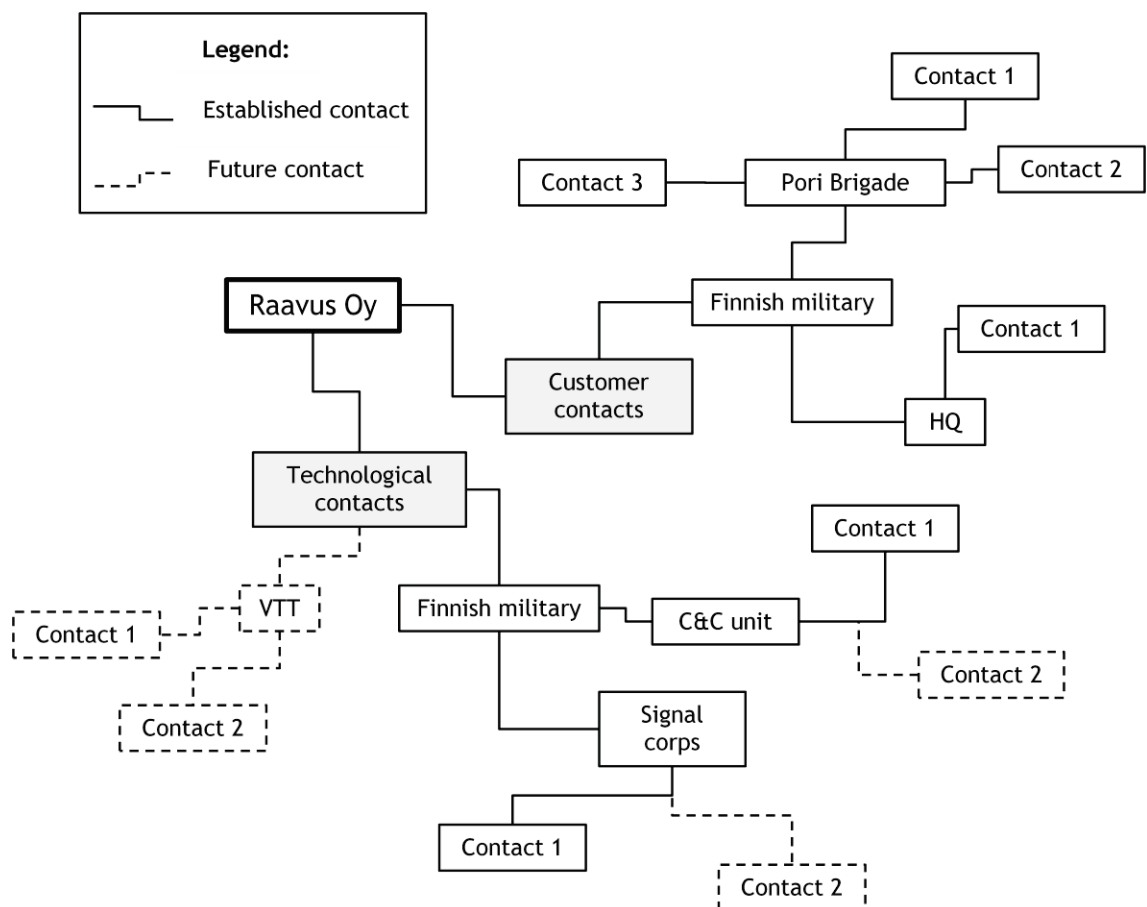


FIGURE 5. Structure of the player map. (Tolonen 2010.)

Second most influential aspect of the operational environment for Raavus Oy, after customers, is technological advancements. Technological change has many effects on the general economy and the environment, and if unmanaged can be hazardous (Worthington & Britton 2006, 163). The company pays a special attention to the advancements on the networks based applications. Other aspect of those applications that interest Raavus Oy is their mushrooming to be common in everyday use. The technology that Raavus Oy uses is based on the same

framework as many of the new network applications like collaborative text editing, instant messaging, Internet maps, and webmail. The ciphering technology used by banks is the same technology that Raavus Oy uses. Advances in bank security advance the ciphering of the company products. (Summanen 2009.)

As the technological advancement gives the aforementioned possibilities it also summons threats. In Raavus Oy strategic threats are identified with analytical tools including SWOT, PEST², Porter's five competitive forces, and core competences analysis. The biggest identified threat comes from the wide acceptance of the technology amongst the companies in the same field. Raavus Oy started to work with network application technology relatively early as the first version of the messaging software Vilotika was developed in 2006. Raavus Oy can compete with its already remarkable know-how on the network applications. That gives Raavus Oy the competitive advantage in the technological environment even though many corporations have far superior resources. (Summanen 2009.)

The geopolitical environment affects Raavus Oy in more than one way. As stated by Georg Witschel Terrorism has been on a rising trend since the 9/11 attacks to United States and it gave rise to international terrorism in comparison to domestic terrorism (Suder 2004, 9-10). Yusaf H. Akbar points out that international terrorism doesn't only concern national states but is rather very real threat to companies and to capitalism and commerce (Suder 2004, 122). Raavus Oy is aiming to work closely with multiple anti-terrorism organizations and thus is subjected to the possibility of terrorist actions like extortion, kidnapping and cyberterrorism. These threats are identified in the security policy and are assessed and managed with instructions given in security strategy. (Summanen 2009.)

2.3 The Product

Following subchapter describe the main product of Raavus Oy. After the introduction of the product, competition and potential customers are reviewed.

2.3.1 AVUS, the main product

The reason for the existence of Raavus Oy and its main product is the SACS-software being developed. It is a multipurpose planning, tracking and reporting software that enables indi-

^{2 2} PEST is a method to analyze different effects and possibilities of the environment of an organization. Originally PEST included Political, Economic, Social, and Technological analysis but after expanding its scope after its initial release it might cover more factors, like services, customers, products, markets, staff, profitability etc. Different names have been given to the method, like , PESTLE, STEER, EPISTEL, and STEEPLED, depending on the factors considered. (Worthington & Britton 2006, 7; 475.)

viduals to follow and alter unit movements, messaging reporting on any device including but not limited to computers, handhelds and cell phones. AVUS is targeted to the international crisis management units in the military sector. As of now the system has limited capabilities and further development is required to offer all the planned capabilities.

Global market size for the AVUS is proportionate to current security and safety situation in the world. As the instability in the world rises and natural disasters receive more attention from the media there is a rising need for crisis management. According to Juha-Matti Seppänen of Crisis Management Initiative, information management and information sharing seems to be a hot topic in the crisis management (2008). AVUS is primarily an information sharing and managing software so there is great opportunity for the company to sell the product for multiple customers in the future.

2.3.2 Competition against AVUS

Historically situation awareness and control systems consisted of the pen and the paper. Nowadays there are computers that do basically the same thing that the pen and the paper used to do, but now it is done with the notepad or with the spreadsheet. There is a wide array of different kinds of SACS systems for military and international aid workers in use but none of them are sold on open market. (Summanen 2009.)

Competition in that sense comes from within our customers. All nations and organizations that contribute to the crisis management have some kind of system in use. Raavus Oy estimates that every system in use has at least one major flaw. Usually the problem is with the data analysis and presentation. Basically all of the more versatile systems are very hard to learn and use. Some of those proprietary systems include NATO's Blue Force Tracking System, which is aimed mainly for movement control, German FÜInfoSysSK, which is aimed for national defense purposes, Swedish TVT, that has the ability to send encrypted messages and display non-real-time unit movement, and Finnish SANLI, which handles only messaging. Those systems that can be purchased from the open market are not directed to the crisis management but are designed mainly for the civilian rescue operations like the FD-Software's Common Operational Picture. Common for all of the available systems is the lack of one or more features, which are needed for all-round situation awareness and control. Usually planning systems can't follow to action and movement control systems can't compile reports from received data. (Summanen 2010b.)

Most of the nations that send military units to the peacekeeping missions use same systems on those missions that they use for national defense purposes. There is an unmet need to provide SACS system that is capable of serving crisis management operations. Added value will come

from streamlined management of missions and operations from a system that can automate many tasks and assist on most labor intensive tasks like reporting.

2.3.3 Potential customers for the AVUS

In the new strategic Roadmap potential customers are narrowed to small segment in crisis management field to match the core competences of Raavus Oy. As the company is used to cooperate with Finnish defense forces similar militaries are targeted. Potential customers include at least Nordic and Baltic countries. As Denmark, Norway, Iceland, Estonia, Lithuania and Latvia are NATO countries and Finland and Sweden take part in Common Security and Defense policy of European Union and try to meet the demands of NATO, the potential customer needs resonate with doctrines given from higher echelons. (Summanen 2010.)

NATO has the highest common standards for military purchases and software. To sell operational assets to NATO-countries it is needed for the product to be approved by the NATO standardization organization. To be approved for NATO's purchase list the product, and its support, and documentation needs to correspond to applicable Standardization Agreements (STANAG) and other standardization documents including:

- Allied Acquisition Practices Publications (AAP),
- Allied Administrative Publications (AAP),
- Allied Ammunition Storage and Transport Publications (AASTP),
- Allied Environmental Conditions and Test Publications (AECTP),
- Allied Engineering Documentation Publication (AEDP),
- Allied Engineering Publications (AEP),
- Allied Joint Publications (AJP),
- Allied Modelling and Simulation Publications (AMSP),
- Allied Naval Engineering Publication (ANEP),
- Allied Ordnance Publications (AOP),
- Allied Quality Assurance Publications (AQAP),
- Allied Reliability and Maintainability Publication (ARMP),
- Allied Tactical Publications (ATP), and
- Allied Data Procedure (ADatP) (NATO Standardization Agency, 2010.)

Only part of those documents correspond to the features of the SACS-software but still the amount of material that needs to be reviewed, before sending the application, includes several hundred pages. When the SACS-software is approved for NATO use it can be sold to any unit in NATO. After NATO approval every national military has different procedure to evaluate and purchase software. For software to be approved for use in military setting it usually

needs to go through code level examination that can take up to three years. (Summanen 2010.)

As the AVUS is aimed at international crisis management field, agreements between countries dictate the possibilities for information exchange between the countries. When one country purchases SACS-software from Raavus Oy for international crisis management mission, it is, in some cases, possible for other countries to use the same software. It can even act as a calling card of Raavus Oy. Raavus Oy is anticipating that the marketing of the AVUS can get a boost from guerilla marketing.

2.4 Viewpoint

As discussed earlier the viewpoint of the Strategic map of Raavus Oy is centered on the main product AVUS. Other possible viewpoints could have included the Internet site designing service or even some completely new business direction. It was decided that functions and businesses of Raavus Oy are supposed to be supportive in nature. This thesis is going to take a wide look at strategic management from the viewpoint of a small entrepreneurial start-up company. In the Strategic Roadmap the insight and vision of the strategist is infused with the knowledge of the strategic management authors, the crisis management authors and the shareholders of the company to gain the best possible strategic view to formulate the mission, values, vision, goals, and strategies in to the easily understandable and distributable format.

As an ongoing process strategy formation can never be completed. Nevertheless the situation of Raavus Oy is in nexus that requires some form of written strategy. There is no doubt that the work done on the strategy so far will continue to evolve and advance in ways that can be predicted but not controlled. The Strategic Roadmap of Raavus Oy is just an entrepreneurial road to visionary goal and as such it is not aimed to control the environment but only the actions of the company in a reaction to the environmental opportunities.

From those viewpoints the Strategic Roadmap has been formulated to guide the strategic work of Raavus Oy. The strategy and the process to implement the strategy are going to change in accordance to the environmental and managerial factors of the company. It can even be argued that the mission, vision, and values of the company are enough for effective strategic management in a small enterprise (Mintzberg et al. 1998, 19).

3 Theoretical framework

This chapter discusses the theory of the strategy formation and implementation. The theory reviewed here is a cross-section of the strategies and methods used by Raavus Oy. First part includes introductions to the ten schools of strategy formation as presented by Henry Mintzberg, Bruce Ahlstrand, and Joseph Lampel in the book *Strategy Safari: A Guided Tour Through the Wilds of Strategic Management*. As the *Strategy Safari* has provided the backbone of the strategic thinking of Raavus Oy it is kept in the main focus. On some occasions, other works that are in conjunction with the *Strategy Safari* are presented. Impact of each school to Raavus Oy is discussed when applicable. After the schools of strategic management other important terms associated with strategy are discussed.

What is strategy? What does it consist of? Are there some general guidelines that all entrepreneurs, leaders and managers should follow in the formation and the implementation process of the strategy? For the dismay of the manager there is little unity in the field of theoretical business strategy (Mintzberg et al. 1998, 7-9). There are, however, some areas of agreement. These areas are reviewed in the list by Mintzberg et al. below (1998, 16):

- Strategy is not only about the organization but concerns also the environment as the organizations use strategy to cope with changing environments.
- Strategy has a complex substance. Strategy as a bringer of change creates unforeseeable combinations of outcomes and thus it remains “unstructured, unprogrammed, nonroutine, and nonrepetitive”.
- Welfare of the organization is affected by the strategy.
- Both content and process are subjects to strategy as they can be changed by the strategy. The decision and the change are integral parts of the strategy implementation.
- Strategies can be, and usually are, both deliberate and emergent.
- Different levels of the organizational action can be adjusted by different levels of strategy. For example the corporate strategy may interact with the mission and the business strategy may resonate with the vision.
- Strategy formation involves both analytical as well as conceptual thinking. Depending on the emphasis one may be stressed over the other.

To make things even more difficult, most guides to the strategy formation concentrate their efforts on simple proposals and tools for generic strategies that might work for larger corporations but rarely fit the need of smaller ventures. Prime example of this is Michael E. Porter's three generic strategies of overall cost leadership, differentiation and focus (Porter 2004, 35). Porter's generic strategies are discussed in more detail on chapter 3.1.3. Many

authors concentrate on the SWOT and other analyses ignoring the subtleties of the organization culture and environment (Selznick 1957; Mintzberg et al. 1998, 24-45). To clarify the matter, several viewpoints of strategy process must be addressed. In the case of Raavus Oy strategic process has followed loosely many theories but no one theory has been dominant.

3.1 The schools of the strategic management

First, before tackling the schools of strategic management, there should be consensus about what strategy is in this particular context. Most accurate description might be: "It depends." Different approaches to strategy define the term differentially. Classic definition is something along the lines of: "Strategy is deliberate calculation and analysis, designed to maximize the long-term advantage" (Whittington 2001, 2-3). In the case of Raavus Oy or many other companies it is not quite that simple. Evolutionists think that the environment creates so unexpected circumstances that classical calculation and analysis won't help much, but rather see the adaptation as a key. Processualists think that either environment nor analysis dictate the faith of the organization. To them inner and outer environments are not stable enough to just plan or adapt. For processualists Learning is needed. For the proponents of the systemic perspective strategy can be negotiated and unexpected and unwanted strategies in one environment can thrive in another environment. It is also possible for an organization to mold the environment to its own needs. For Raavus Oy systemic and processualistic perspectives have meant the most. (Whittington 2001, 2-4.)

Mintzberg et al try to synthesize strategy in to framework containing five Ps. In Strategy safari Strategy is a process that contains some identifiable and quantifiable characteristics (Mintzberg et al. 1998, 9-15):

1. *Plan* is the first P as strategy always should be about directions to certain goal. Not that the plan is always (or hardly ever) explicitly followed to get to the goal but is often infused by the course changes from environmental or inter-company pressure.
2. Second P is *pattern* as strategy tends to be somewhat consistent over a period of time. Usually there is some kind of recognizable pattern in the fulfilled strategy that can be seen as a beacon to guide the future of strategic management.
3. Third P is for *position* as locating particular offerings in certain markets.
4. Fourth P as *perspective* intertwines vision and mission in to the strategy.
5. Last P is for *ploy* as strategy presents the blueprint for maneuvers that organization is committed to make to get to the goal. It is up to organization how these viewpoints are seen or ignored.

For Raavus Oy strategy is all of the above. Now that there is common ground to reflect the strategy there is change to engage in different forms of strategic planning. Mintzberg et al. make distinction between ten approaches to strategic management (1998). In the following subchapters those schools are reviewed and possible links to the Strategic Roadmap process of Raavus Oy are discussed. The list could be easily critiqued but as most of the schools don't explicitly affect the process of strategy formation in Raavus Oy, nor they try to be definitive answers but only viewpoints, no such critique is given. Most of the schools represented are not formed by their authors or sympathizers but are essentially viewpoints of Mintzberg et al. The order of the demonstration follows the order in the book and is loosely based on chronological order of the emergence of the schools.

3.1.1 The design school

First school is the design school which sees the strategy as a process of conception. The design school is the oldest and might still be the most influential of all strategic management schools. The design school is responsible for the conception of the SWOT -analysis that is also in the analyses of Raavus Oy. It is a tool to assess the Strengths, and Weaknesses of the company in the frame of the Opportunities, and Threats in the environment. The model for SWOT table can be seen in FIGURE 6. The design school proposes a model for the strategy creation where a company matches its internal capabilities with the external possibilities and avoids the environmental threats and strengthens the inner weaknesses. The first author of the design school was Philip Selznick with his book *Leadership in Administration* that was published in 1957. After Selznick there have been numerous contributors to the theory of the design school. (Mintzberg et al. 1998, 24-28.; Selznick 1957)

<p>Strengths:</p> <p>Product quality</p> <p>Management team skills</p> <p>Financial leverage</p>	<p>Weaknesses:</p> <p>Maneuverability of operations</p> <p>Team spirit on R&D</p> <p>Advertising</p>
<p>Opportunities:</p> <p>New security legislation</p> <p>Adoption of new vaporization technology</p> <p>New markets in New Zealand</p>	<p>Threats:</p> <p>Customers adopting rivals product</p> <p>Interest rates are rising</p> <p>Population ages</p>

FIGURE 6. Example of SWOT -analysis table. (Mintzberg et al. 1998, 24; 29-30.)

The design school do not leave room for an emergent strategy as it only recognizes that the agreed upon theory must be implemented (Mintzberg et al. 1998, 28). If the strategy needs to be changed it needs to change in the same manner as the original strategy was formulated and implemented: by assessing capabilities and environment and then deciding upon a strategy. This strategy is then followed to the letter until new strategy is decided upon. There are number of premises presented by the design school. List of seven of those premises is presented in the following list (Mintzberg et al. 1998, 28-32):

1. "Strategy formation should be a deliberate process of conscious thought." In other words, strategist needs to know as much as possible of the variables involved in the strategy making process and then calculatingly implement that knowledge to the strategy.
2. "Responsibility for that control and consciousness must rest with the chief executive officer: that person is the strategist." There is no room for team or multiple individuals in the strategy formation in the eyes the design school.
3. To fit in to the mind of single strategist strategy must be kept simple.
4. "Strategies should be one of a kind: the best ones result from a process of individualized design." The strategy formation should be tied to the outcomes of the analysis.
5. "The design process is complete when strategies appear fully formulated as a perspective." There is no room for strategy enhancement after its initial implementation.
6. The strategy needs to be articulated to the organization so it can't be too complex.
7. Strategy is a two part play where on the first part the strategy is conceived and on the second part it is implemented. There is no room for parallel processes.

There is only a little that the design school has given to the conception of the strategy of Raavus Oy. Biggest impact and most value have been brought by the analytical viewpoint of this school. Complete SWOT and other analyses of Raavus Oy have been conducted during the Strategic Roadmap process. The difference in the analytical process is that in Raavus Oy it is constant process not limited by the cycles of the strategic planning.

3.1.2 The planning school

Second school is the planning school that perceives the strategy formation as a formal process. Planning school was first conceived in 1965 when H. Igor Ansoff wrote and published his *Corporate Strategy*. The planning school relies heavily on formal planning procedures to accomplish the coveted best strategy (Ansoff 1965). SWOT -analysis is the base for most of the procedures introduced in the planning school. There are hundreds of different models for strategy formation that follow the essence of the planning school. For the most part those models just present the old principles with a small twist and call it an original idea.

First example of such planning procedure is from Top Management planning by George Steiner, which was published in 1969. The planning procedure of Steiner consists of six distinct steps. First step is to establish the objectives and the desired outcomes of the strategy. This step differentiates from the design school in that the design school doesn't identify the goals as being autonomous part of the strategy process. The second step is the external audit stage where organization reviews the external environment of the organization. This step takes the opportunities and threats of the SWOT -analysis and tries to predict the future outcomes of the strategy and prepare the organization to those outcomes. (Steiner 1969; Mintzberg et al. 1998, 48-52.)

The third step is the internal audit. In this step the strengths and weaknesses of the organization are assessed. The procedure is made simple by giving checklist of the things that needs to be assessed. The fourth step is the strategy evaluation. The evaluation can include competitive strategy valuations as well as risk assessments but most of the evaluation procedures are forms of financial analysis. Fifth step is the strategy operationalization. In essence this step is about the decomposition of the strategy to easily implemented functions and operations. Sixth step is about scheduling the whole process. Each operation needs a distinct time-frame to be implemented. If not followed properly the strategy may never be implemented. (Steiner 1969; Mintzberg et al. 1998, 52-53.)

Other example of the planning schools proposed systems is more contemporary work of Bengt Karlöf. He argues that strategy process consists of six distinct steps including (Karlöf 1996, 11):

1. Starting of the process,
2. Analysis of the knowledge base,
3. Synthesis and strategy formation,
4. Activation of strategy,
5. Gauging and realization of goals, and
6. Continuous strategic management.

Karlöf points out that strategy process should never differentiate from accustomary work of the general management. He argues that strategy process should be part of the everyday work. It may be a bit difficult when there are six distinct steps to formulate the strategy.

Different planning processes and planning hierarchies of an organization are presented in FIGURE 7. Planning hierarchies include budgets, objectives, strategies, and programs. Performance control plans consists of budgets and objectives as they look in to the past. Action

planning includes strategies and programs as they are more focused on the future. The figure reflects the underlying premise of the planning school. For this school an organization is a machine that can be dissected in vertical and horizontal planes to analyze the best course of action. Therefore the first premise of the planning school is that a strategy is a result of organized and conscious process guided by specific techniques. Second premise is that the responsibility for strategic process lies with the chief executive officer just like in the design school. Third premise states that after the strategy process the strategy should be implemented to the organization with great concern to the details of the process. (Mintzberg et al. 1998, 56-58.)

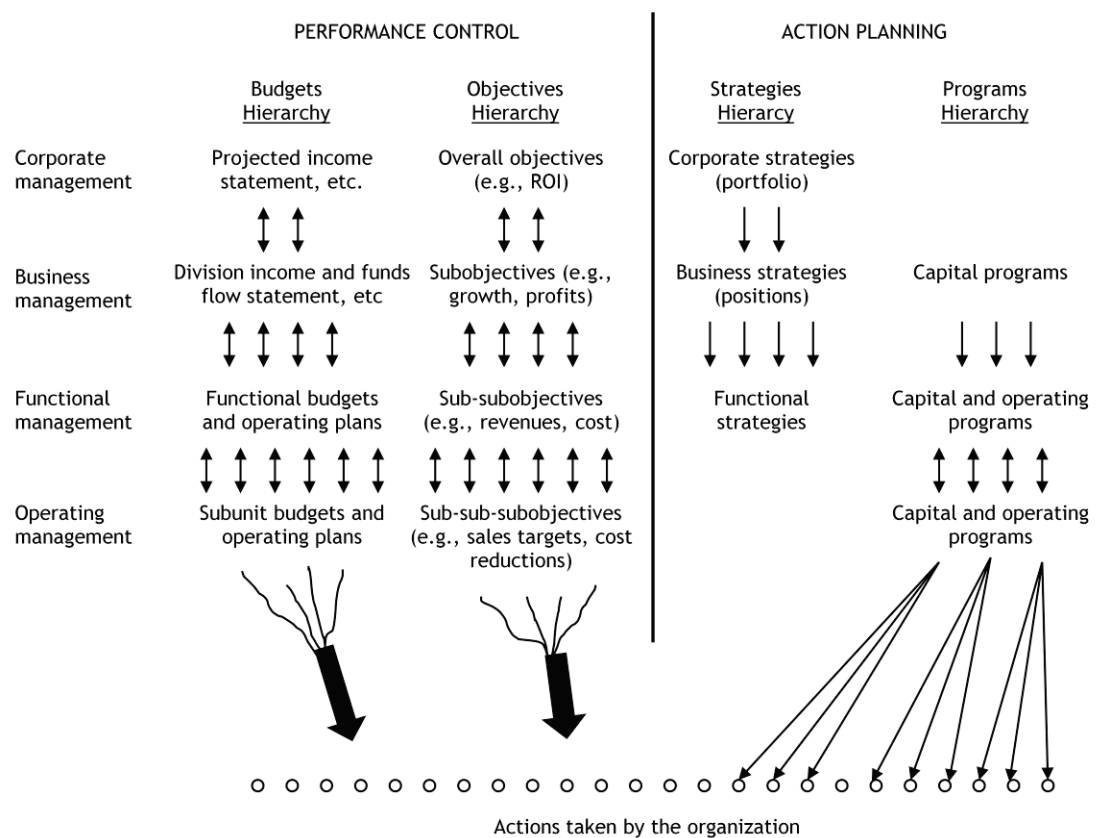


FIGURE 7. The four planning hierarchies of the strategy formation. (Mintzberg et al. 1998, 56.)

The planning school has affected the strategy process of Raavus Oy in some ways. The biggest input has come from the structuralization of the process. The actual process didn't follow any precise model but rather loaned from many of them to fit the needs of the company. The biggest drawback of the planning school is the apparent underestimation of the intuition and the vision of the management. By blending the thoughts of the planning school with more elastic thought patterns small venture might be able to create rock solid strategy.

3.1.3 The positioning school

The positioning school is, in its famous form, the brainchild of Michael E. Porter. This school perceives the strategy formation as an analytical process. The outlines of the positioning school have been set in Porter's book *Competitive Strategy* that was published in 1980. This school put emphasis on the process of analyzing industries and competitors. The biggest difference of the positioning school compared to the first two schools is the amount of feasible strategies proposed. While the planning and the design schools allowed for limitless number of different strategies the positioning school limited the number to few key strategies or positions in the marketplace. These strategies differ from industry to another but they all try to provide means to defend the chosen position of the organization. (Porter 2004; Mintzberg et al. 1998, 82-83.)

The premises of the positioning school include the following statements by Mintzberg et al. (1998, 85):

1. Strategies are generic and best strategy can be found from analyzing the marketplace.
2. The marketplace is economic and competitive in nature.
3. The strategy can be selected from the positions in the marketplace with analytical calculations.
4. Analysts feed the results to the managers who control the choices presented by the analysts.
5. Strategies form completely during the process of analysis. If the industry changes the organization needs to position anew.

Oldest examples of the positioning school come from the military strategy. Maybe the best known early author of the military strategy is Sun Tzu. The positioning is of paramount importance to the military (Tzu 2002, 53). The axioms of Tzu have been widely adopted by the strategic management of organizations outside military as well. There is even a Japanese saying that a "Marketplace is a battlefield". The biggest caveat of the military and other axioms is their generic and obvious nature which may lead to less than meaningful strategic decisions. (Mintzberg et al. 1998, 85-92)

Porter identifies three generic strategies to cope with the five competitive forces of suppliers, potential entrants, buyers, substitutes, and current industry competitors as seen in FIGURE 8. Those generic strategies include overall cost leadership, differentiation, and focus. The cost leadership is a strategy to drive out the competition by being able to produce the goods with the best make-to-sell ratio. The goal is to get above average Return of Investment

(ROI). The differentiation can be achieved by creating goods that can be seen as unique industrywide. Forms of differentiation include design or brand image, technology, features, customer service, dealer network, and other such dimensions. The focus is about aiming the goods to particular buyer group, geographical location or focusing on very limited range of goods. (Porter 2004, 4; 34-40.)

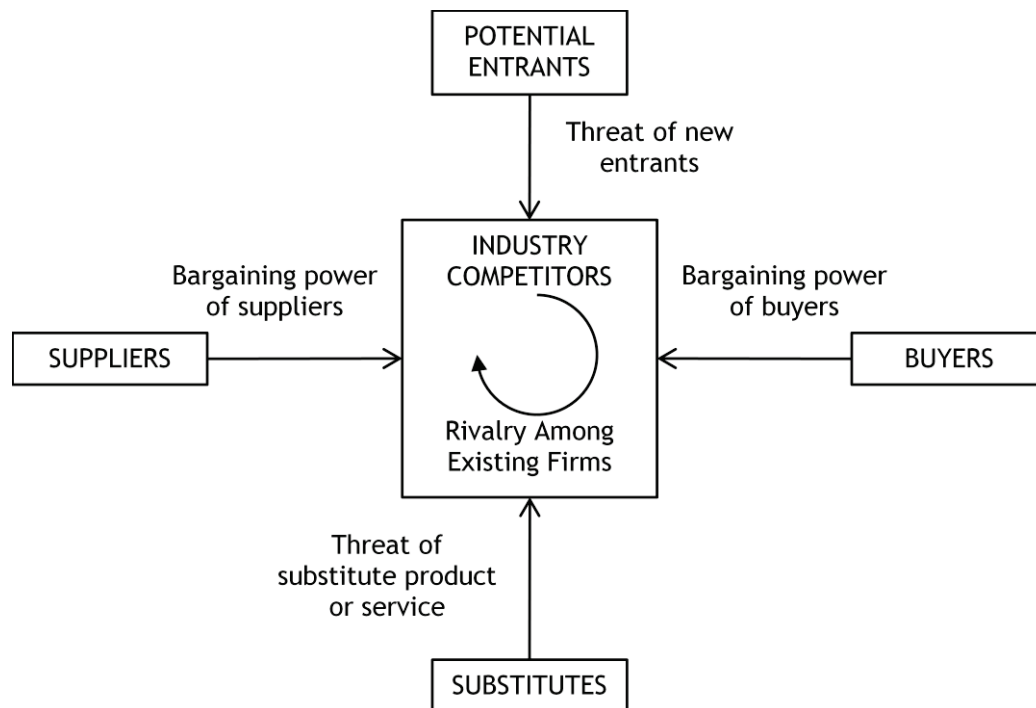


FIGURE 8. Forces that affect the industry competition. (Porter 2004, 4.)

If the meaning of the positioning school for Raavus Oy needs to be assessed, Porter is prominent. He has been a meaningful figure in the industry analysis of Raavus Oy. As stated in chapter 2 there is a little competition from similar products to the company. In that sense it is of paramount importance for a small company like Raavus Oy to consider all of the competitive forces presented by Porter. In fact Raavus Oy aims to be a substitute itself. The power of the analysis comes from the identification of the indirect competition and the dissection of the prospected customers. (Summanen 2010c.)

3.1.4 The entrepreneurial school

The entrepreneurial school views strategy formation as a visionary process. Where former schools emphasized the analytical nature of the strategy formation the entrepreneurial school aims to consider and use other mental processes like intuition, judgment, wisdom, experience and insight. This school sees the strategy as a perspective to reach the vision and fulfill the mission. The entrepreneurial school sees the CEO or the entrepreneur as the strategist. Cultural and collective aspects of the strategy process have been stripped away. Central concept

of entrepreneurial school is the vision. The vision is seen as a kind of an image rather than a plan. To act upon the vision and the goals derived from the vision a strategy is needed. In the entrepreneurial school strategy is flexible so it can be adapted by the experiences of the strategist. In this school the strategy is deliberate in its direction but emergent in details. (Mintzberg et al. 1998, 125-125; Lang 2002, 1-78.)

The roots of the entrepreneurial school lie within economics but the grand concept of the entrepreneurship is the ability to see the strategy from a multitude of perspectives beyond simple economics. First two directions to look are *ahead* and *behind* as seeing behind makes it possible to see the route to the vision. To see the big picture one needs to be able to see *down* to the strategy as well as *below* to understand the meaning of that particular big picture. Few such methods are proposed by Edward De Bono in his books. He proposes the use of lateral thinking and six thinking hats to see issues from different perspectives and to attain novel solutions to problems (De Bono 1990). De Bono is a good starting point to find novel entrepreneurial solutions to stagnated problems. By challenging the conventional wisdom strategist should see *beside*. By seeing *beyond* the value of ideas found from seeing beside can be quantified. To really be strategic thinker one needs to see it through. These ways of seeing are put on a perspective in FIGURE 9. Step by step introduction with pictures can be found from the Strategy Safari. (Mintzberg et al. 1998, 125-128.)

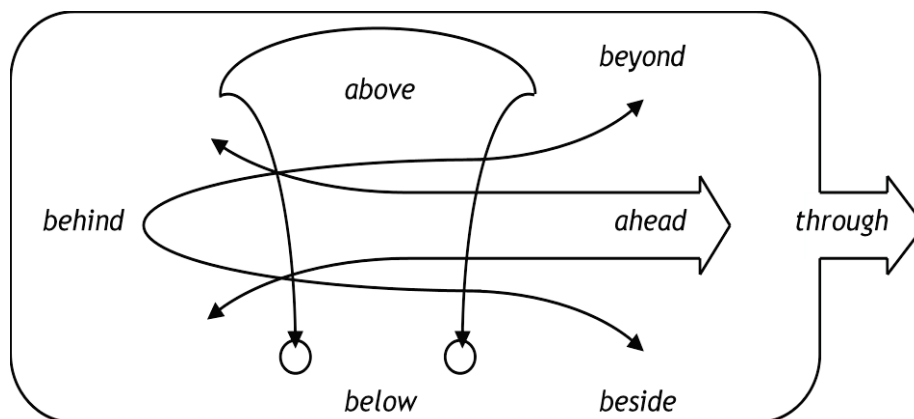


FIGURE 9. Strategic thinking as seeing. (Mintzberg et al. 1998, 126-128.)

Mintzberg et al summarizes entrepreneurial school to six premises (1998, 143):

1. Strategy is a mental construct of the entrepreneur that directs the organization.
2. The process of strategy is only halfway deliberate and much of it is rooted in the experience and intuition of the entrepreneur, whether the strategy is borrowed from other sources or conceived him or herself.
3. The entrepreneur promotes the vision single mindedly and keeps tight control over the implementation of the strategy.

4. The strategic vision is flexible and will bend to the needs of the entrepreneur.
5. The organization is also elastic and can be bent to the needs and goals of the entrepreneur.
6. An entrepreneurial strategy often aims itself to niche market where larger corporations don't meddle.

The premises of entrepreneurial school have influenced the strategy formation of Raavus Oy in deep and meaningful way. This is possibly due to the fact that other schools of strategic thinking seem to aim their recommendations to larger, more established organization. The assumptions of entrepreneurial school have touched the shareholders of the company long before the new strategy process in a way of the entrepreneurial attitude and maneuverability. Biggest difference in the strategy work of Raavus Oy compared to the premises of the entrepreneurial school is that Raavus Oy uses collaboration and teamwork in all its efforts. (Summanen 2010c.)

3.1.5 The cognitive school

The cognitive school views the strategy as a mental process. The strategist is again in the spotlight but this time the focus is on the psyche of the strategist. In contrast to former schools the cognitive school looks at the mental processes rather than the prerequisites or the intuition of the strategic process. The body of work for the cognitive school has been conceived since the 1940s and is still being developed further. The issues of the cognitive school include such questions as what the strategist needs to know and what is the mental process of the strategy creation. Challenges the cognitive school tries to explain include the vast array of individual differences in thought processes and structures of decision making. There are many maps that try to explain the individual differences in decision making. Next area of interest for the cognitive school is to explain individual decision making parallel to organizational decision making. One such model from Corner, Kinicki, and Keats is presented in FIGURE 10. In that figure the strategic information and the decision is divided in two parallel processes that take place in the organizational level and in the strategists mind. The exchange of information is partially tacit and not all the processes can be directly linked. Nevertheless, both levels affect each other as the action taken after the decision affects the next round of the strategy making. (Mintzberg et al. 1998, 150-157.)

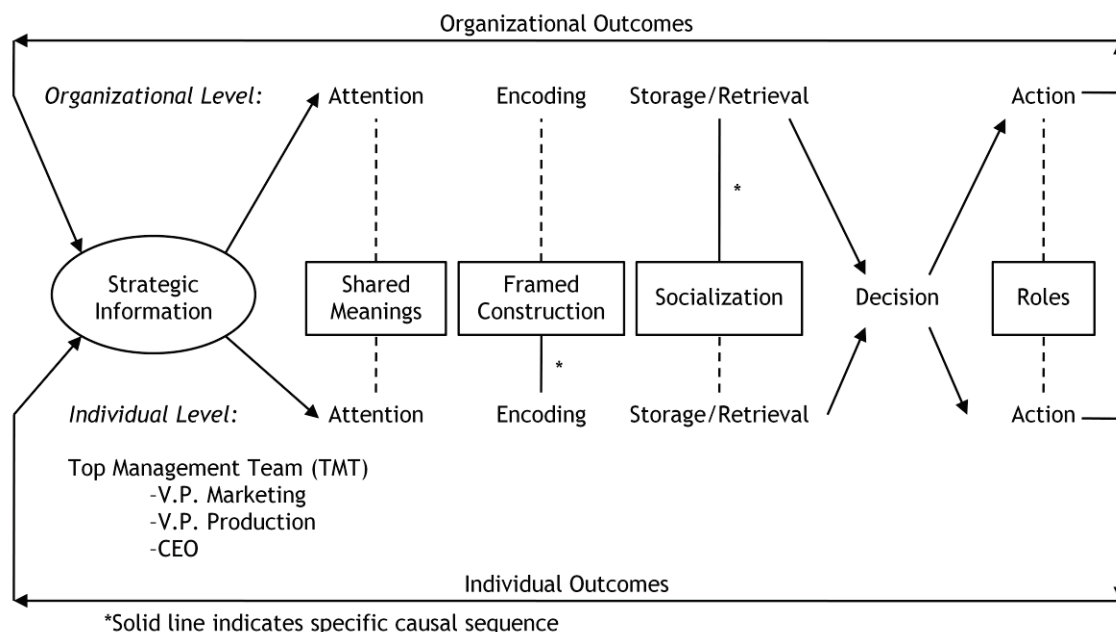


FIGURE 10. Parallel process of information gathering and decision making. (Corner, Kinicki & Keats 1994; Mintzberg et al. 1998, 156.)

The persona and the cognitive style of each strategist are somewhat unique. In this respect the cognitive school is closely linked to psychology and cognitive sciences. The strategies form, and should be formed, differently depending on the characteristics of the strategist or strategists. Probably the most widely known tool to determine the persona of the strategist is Myers-Briggs instrument that was published in 1943 by Katharine Cook Briggs and her daughter, Isabel Briggs Myers. Myers-Briggs instrument is based on Karl Jung's work where four conversed dimensions are assessed from the persona. Those pairs include Extroversion (E) and Introversion (I), Sensing (S) and Intuition (N), Thinking (T) and Feeling (F), and Judgment (J) and Perception (P). By combining these dimensions sixteen possible types of personas can be formed. For example, people who fall in to ESTJ category are "logical, analytical, objective, critical, and not likely to be convinced by anything but reasoning... They like to organize facts..." but they might "run the risk of deciding too quickly before they have fully examined the situation". Different types of personas fit different types of situations. The best course of action might be to gather people of differentiating personas. (Mintzberg et al. 1998, 154-155; Quenk 2009, 1-30.)

The premises of cognitive schools include four points (Mintzberg et al. 1998, 170; 172):

1. The strategy formation takes place in the mind of the strategist and is thus a cognitive process.
2. Strategies emerge as perspectives which help strategist to deal with the inputs coming from the environment.

3. Inputs go through the process of distortion by the individual filters of the strategist mind and they are then interpreted and constructed again to fit the framework of the strategist's mind.
4. Strategies as concepts are hard to attain and suboptimal when achieved and hard to change when once established.

The cognitive school has affected the strategic thinking of Raavus Oy in a way that the individual differences of the shareholders are taken in to consideration every time a strategic change is contemplated. Other than taking individual personas in to consideration some objectivity might have been achieved by reflecting the teachings of the cognitive school to the individual situations.

3.1.6 The learning school

The learning school sees the strategy formation as an emergent process. The basic problem presented in the cognitive school was that there is a limit to what the strategist can understand and process. The learning school proposes a solution to that problem. Things that are currently out of understanding and out mental grasp of the strategist can be learned, and finally mastered. One of the strongest proponents of this school has been Peter M. Senge. (Mintzberg et al. 1998, 176-177.)

Senge's book *The Fifth Discipline* talks about the strategy management and formation as a process that coincides with organizational and personal learning and growth. Senge's theory introduces five disciplines. By mastering those disciplines there is reward of ever evolving strategic journey. Those five disciplines are (Senge 2006, 5-11; Mintzberg et al. 1998, 209-210):

1. Personal mastery, meaning proficiency in the things that you do.
2. Mental models, as Senge describes, are those tacit beliefs and thought patterns that needs to be changed for the efficient initialization of the new strategy. Actual work that needs to be done to change those patterns includes "turning mirror inwards" and exposing personal thinking effectively to scrutiny and influence of the others.
3. Building a shared vision that is the picture of the wanted future. Senge describes the feeling achieved by this building process a "sense of destiny".
4. Team learning is the virtue of individuals pooling together to create common benefit and to share creative ideas.
5. "Systems thinking" is the Senge's fifth discipline. It encompasses actions as interwoven system to which every part is integral and no part can be removed without affecting the whole.

Champions of the learning school are those organizations that have thrived without analytical attitude but instead have learned from experience. This can be seen from the premises of the learning school by Mintzberg et al (1998, 208-209):

1. Because organizations are complex and unpredictable the strategy needs to be formed over time as a result of the learning process.
2. The main learner of the organization is the collective where individuals learn to benefit the organization. In a way, anybody can be a strategist for an organization.
3. The process of learning for the strategy is emergent and highly unpredictable. Reigns of strategic advancement should be taken by the one best suited for the current situation and not necessarily by the head strategist.
4. The leading process is not about the deliberate outcomes but it is about facilitating the strategy process in the midst of learning for novel strategies to emerge.
5. As the learning encompasses the strategy it is initially just a pattern out of the past. Just when the organization has learned enough it can aim its efforts to the future.

For Raavus Oy learning has been the most prominent factor in the strategic advancement. As mentioned before, learning is one of the basic values of the company. Raavus Oy has been vivid learner in individual, team, and organizational levels as new opportunities have risen. In addition to on-the-field learning all shareholders of the company enlighten themselves with applicable literature and seminars. These actions are motivated by the company. Raavus Oy is also strong proponent of the third premise of the learning school by Mintzberg et al. as everybody in the company affects the strategy. There is a strong belief that failure is even more educating than success when put in to a perspective.

3.1.7 The power school

The power school sees the strategy as a process of negotiation. The learning school was the first school to introduce negotiation in to strategy process but the power school takes it a step further. The power school argues that the shareholders as well as whole companies keep their own agenda at the hidden front and use power and politics to pursue strategies favorable to particular interests. Use of power in organizations can be divided in to two categories. The first category is the formal and informal power used inside the organizations. This category is called *micro power*. Especially the informal power can undermine the formal efforts of the company and drive it to conflicts. The second category is the power used to affect the environment of the organization and is called *macro power*. Organizations need to deal with outside interest groups and react to their actions. Forms of macro power include such means as lobbying or legal suits. (Mintzberg et al. 1998, 234-248.)

The strategy process of a company can be a process of bargaining and compromise. It is fairly common that interest parties need to adjust their goals so that common understanding can be found. A good example of this is the collective bargaining between companies and labor organizations. It is very rare that both parties have same goals. Different political power games include insurgency, sponsorship as support, alliance-building, expertise, rival camps, etc. Bolman and Deal identify sources of these games in organizations. They argue that organizations are coalitions consisting of individuals and groups inside the organization. Even inside the coalitions there are persistent differences between the members of the coalition. As resources are scarce the power to decide the allocation of these resources is of paramount importance. Allocating resources benefits some as some are left without adequate resources. That can lead to conflict. Goals are not necessarily synthesized nor do they necessarily result from evolution but are decided by the most powerful individuals or coalitions. (Mintzberg et al. 1998, 236-239; Bolman & Deal 1997, 163.)

There is very little that the power school has given to the strategy process of Raavus Oy. The company doesn't have much bargaining power over the vast organizations it deals with. The organizational theory has addressed many of these same principles but as Raavus Oy is a company of friends there has been no excessive use of micro power. Of course ambitions, wishes and situations of each individual shareholder affect the strategic decision making in the company but not necessarily in the way that the power school implies. On another hand, every communication between organizations is a power play.

3.1.8 The cultural school

The power school perceived the strategy making as a political game. If you reverse the outlook completely you get the culture school that sees the strategy formation as a collective process. Culture has been implicit part of all organizations since the first organization but scholars have embarked upon the concept of organizational culture starting only from 1980s when Japanese corporations were making big waves on the old marketplace. In the framework of the strategy, culture can be seen as interpretations of the world and manifestations of these interpretations. When there is a strong culture in an organization it might turn against the much needed change process essential to a new strategy. When a new strategy has been accepted by the organization it is the culture that roots the new strategy to behavior. (Mintzberg et al. 1998, 264-265.)

Premises of the cultural school by Mintzberg et al include five points (1998, 267-268):

1. Strategy process is an outcome from social interaction of the members of the company affected by the common beliefs and understanding.
2. Individuals receive these beliefs and understanding through largely tacit process of socialization.
3. Because the process of the culture is nonverbal it is hard to explain to outsiders and the explanations may vary wildly from an individual to another.
4. Strategy can be formed collectively as a perspective to the challenges of the organization.
5. Culture does not encourage strategic change as the old beliefs are rooted in the organization but only promote slow shifts in the strategy.

As Raavus Oy is still a startup company there is no excessive baggage of culture in the company. Originally the culture of Raavus Oy has been based on the friendship between the shareholders of the company but as time has gone by and presence has been established outside the comfort zone of the original three shareholders some cultural development can be seen from the way that the shareholders act and react. It is obvious that the new strategy is a synthesis of the aspirations and goals of the shareholders. (Summanen 2010c.)

3.1.9 The environmental school

The environmental school undertakes the strategy formation as a reactive process. The underlying principle of the environmental school is that an organization can only react to the environment and try to cope in it. The operational environment of an organization consists of numerous actors and factors. These factors were presented in chapter 2. Actors and factors in the environment are seen as entities, groups that cannot be managed or even understood completely. Originally the environmental school grew out of the contingency theory that states “it all depends” meaning that there is no best way or even best ways to formulate the strategy. Everything is linked and thus cannot be controlled in any meaningful way. The only alternative is to adapt. (Mintzberg et al. 1998, 286-288.)

The premises of the environmental school include the following (Mintzberg et al. 1998, 288):

1. The environment is the central actor in the strategy process as it guides the organization in the form of possibilities.
2. The natural selection dictates that if the organization doesn’t take advantage of these possibilities it will be “selected out”.
3. Leadership is merely a passive element that reads the signals of the environment and ensures the adaptation of the organization to the outside forces.

4. Organizations tend to cluster together in ecological-type niches and stay there until they run out of resources. Then they move or disappear.

The overall idea of the environmental school seems to be a bit flawed. If an organization can't change the environment what can? Is the environment only about resources? Raavus Oy is about to compete against enterprises far larger, and more powerful than itself. If the environment is only about resources then it is clear that Raavus Oy will lose the battle. Fortunately Raavus Oy doesn't bow to the pressure of the environment. Actually the shareholders of the company believe that the environment is full of untapped potential that only waits to be used. Finding the fitting untapped potential to any given situation should be the pinnacle of any strategy.

3.1.10 The configuration school

For the configuration school the strategy formation is a process of transformation. The configuration school tries to knit together all of the above schools to be a system of strategic transformation. There are two sides to this school. On the one hand the configuration school sees organizations as configurations of resources. On the other hand it tries to elicit transformation as the primal force of strategic change³. The configuration school is about giving every aspect of strategy making the attention it needs at the specific time in the transformation process. (Mintzberg et al. 1998, 302-305.)

The configuration school is specific synthesis of the former schools and much of the influence of them can be seen in the premises of the configuration school (Mintzberg et al. 1998, 305-306):

1. Every organization is, for a period at a time, in a state of configuration where the organization engage itself in strategies and decisions specific to that situation and configuration.
2. When an organization finds itself on a crisis or is not content to its current situation there is a time and a need for a transformation. This transformation leads the organization to a new configuration and to new strategies.
3. These times of configurations and transformations tend to repeat themselves over time finally leading to the extinction of the organization.
4. The key to strategic management is to be able to maintain the stability until a transformation is needed and then being able to manage the change.

³ As the configuration school addresses the issues of change, more elaborate account on this subject can be found on chapter 3.2.3 especially in John P. Kotter's work.

5. The type of the strategic planning needs to be confined to the situation. Appropriate tools needs to be found.
6. The resulting strategies can vary from being visionary to being patterns. They can either be plans or positions. It all depends on the situation.

The configuration school has thought Raavus Oy an important lesson on adaptation. There is a time and place for everything and to master the whole process of the strategic change all aspects need to be taken in to the consideration. The structure of Raavus Oy is much similar to many startups of today. There might be a central figure to customers (CEO) but that doesn't mean that other shareholders are in lesser positions. Raavus Oy might be called a team organization with missionary attributes (Mintzberg et al. 1998, 307; 309).

The configuration school assembles the filtrated knowledge of the other schools and gives a shared meaning to the strategy creation. It is not to say that the configuration school is without its flaws. There is some sense of direction in the configuration school but every strategist needs to find their own way of doing things and achieving the goals set in the vision. Other terms associated with strategic management are discussed in the next chapter.

3.2 Other terminology

In this chapter the most important terms affiliated with the strategy process are examined. Reviewed terms include organization, core competence, mission, vision and change. All of the terms are seen from the perspective of Raavus Oy.

3.2.1 Organization

To understand Raavus Oy and its stakeholders it is necessary to define the term organization in the context of this thesis. Organizations are common and as such obvious (Harisalo 2008, 17); they also are hard to see (Daft 2009, 10). There is no physical presence of an organization although some organizations might be personified to the owner, CEO or chair of the company like Sir Richard Branson of the Virgin, Steve Jobs of the Apple, Bill Gates of the Microsoft, or Warren Buffett of the Berkshire Hathaway. As mentioned, the face of the company for Raavus Oy depends on the occasion. With the customers the person might be the CEO, but with the officials the person is usually the Chair.

Generally organizations can be described to be extrovert entities that are goal directed, are designed as deliberately structured and coordinated activity systems, and have connections to external environment (Daft 2009, 11). That is a simple explanation that covers the basic functions of most organizations. However we need to look a bit deeper to understand the grace-

fulness of organizations associated with Raavus Oy. Risto Harisalo describes four distinctly different approaches to organizations (Harisalo 2008, 17-19). Those include *goal and effectiveness* model, *perseverance* model, *exchange* model and *interpreted impression* model.

Goal and effectiveness model describes organization as being well planned system with a mission to fulfill its objectives (Scott 2003, 27). This is the most common model used to describe organizations (Harisalo 2008, 17). It is presumed that when the goal is realized organization needs to set a new goal or cease to exist. Most strategic management schools identify this model as being of a central focus (Mintzberg et al. 1998, 354-359).

Perseverance model is sometimes called *natural systems* model (Etzioni 1970, 31-32). The goal of an organization is to arrange its environment so that it can ensure its own perseverance (Scott 2003, 28). Goals and effectiveness can be inessential factors as the existence of an organization can be dependent on other factors. Learning and cultural schools of the strategic management have commonalities with the perseverance model (Mintzberg et al. 1998, 176-231; 264-283; Senge 2006).

Exchange model emphasizes the interaction and the exchange between an organization and its environment (Scott 2003, 29). An organization needs to adjust its functions according to its environment to function effectively. The exchange model resonates with the entrepreneurial and power schools of strategic management (Lang 2002; Mintzberg et al. 1998, 124-147; 236-261).

Mary Jo Hatch defines *Interpreted impressions* model as being subjective to every individual (Hatch & Yanow 2005). Interpreted impression is always a simplification of constantly changing reality. Interpretation of organization is result of individual's ego, desires and goals. Interpreted impressions model is also called *cultural* model. The cultural model is congruent with the cognitive school of the strategy management (Mintzberg et al. 1998, 150-173). (Harisalo 2008, 18.)

In real life almost every organization is hybrid of these four definitions. Organizations should be benchmarked from multiple angles to gain perspective on the choices and possibilities of the organization. As an organization Raavus Oy is both goal oriented and somewhat natural system of friends but also the result of exchange with interest groups and a subjective entity formed in each shareholders' mind.

3.2.2 Core competencies

The Core competencies are competitive advantages in the form of specific factors. These factors are hard for other businesses to acquire or imitate. A core competency can be used widely in variety of products and services as it is a resource to the company. It also needs to present additional value to the customer of the product. The core competence perspective to the strategic management was presented by Gary Hamel and Coimbatore Krishnarao Prahalad in the Harvard Business Review in 1990. The concept was expanded further and tools to analyze and develop the core competencies were provided in the following book by Hamel and Prahalad named *Competing for the future* (1994). Core competencies are presented in relation to the products and businesses in FIGURE 11. (Hamel & Prahalad 1996, 243-270; 1990.)

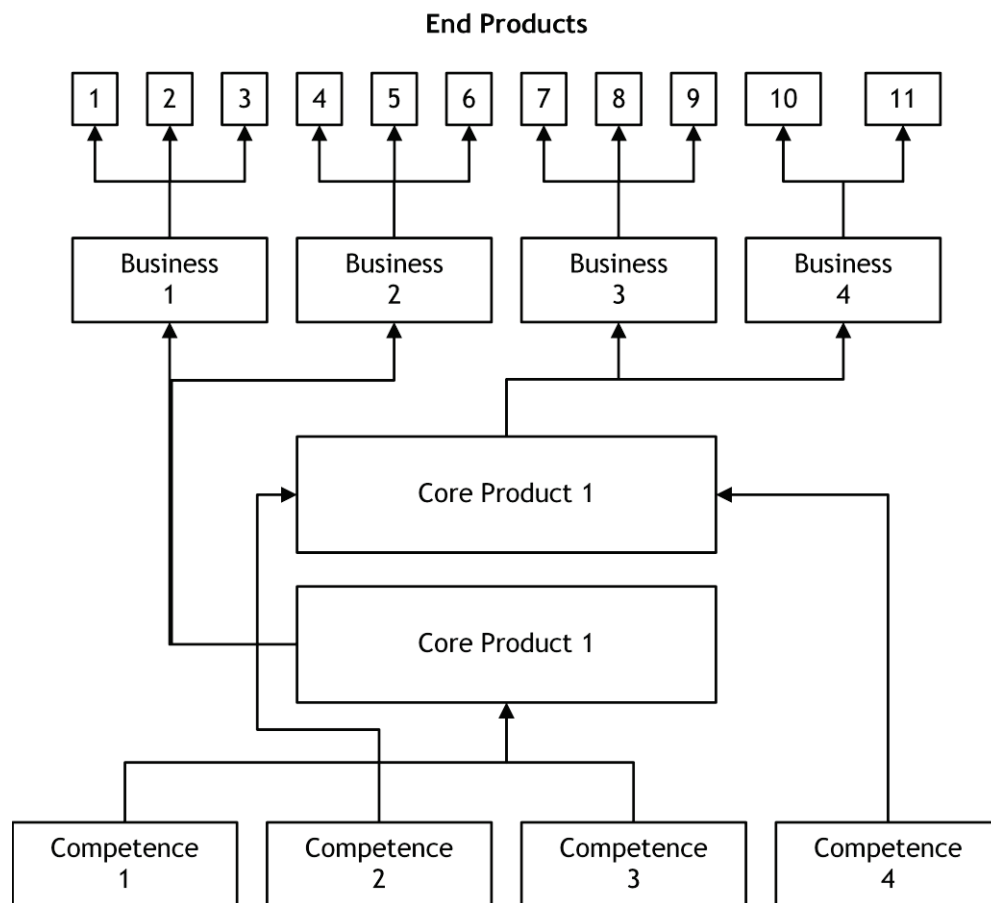


FIGURE 11. Core Competencies in relation to the Core Products, Businesses, and End Products. Adapted from Hamel and Prahalad. (1990, 84.)

There are plenty of examples of the core competency principle used in the businesses successfully. 3M has a strong core competence in inventing. For example, the adhesive in the 3M Post-It notes is a result of a glue experiment gone wrong. Hamel and Prahalad recognized the core competencies of the Canon to be Precision Mechanics, Fine Optics and Microelectronics.

Most of the products of the Canon benefit from at least two of these core competencies. (Hamel & Prahalad 1990.)

It is easier for smaller ventures to call out its core competencies as it is for enterprises. For a small company core competencies can be personal traits or skills of the entrepreneur whereas core competencies of a large business need to be found from the processes or other non-personal aspects of the business. These core competencies are, nevertheless, “carried” by individuals in the company. In the conventional strategy, corporate identity is built upon strategic business units (SBU) rather than the core competencies. SBUs can prevent the people carrying these core competencies to introduce and implement the competencies to other SBUs. (Hamel & Prahalad 1996, 243-244.)

According to Hamel and Prahalad an organization needs to go through five “key competitive management tasks” (1996, 245.):

1. “Identifying existing core competencies,
2. establishing a core competence acquisition agenda,
3. building core competencies,
4. deploying core competencies, and
5. protecting and defending core competence leadership.”

Core competencies need to be identified and there needs to be a consensus of the core competencies among the shareholders of the company. Identified core competencies are then gathered in to the inventory of core competencies. Acquisition of the core competencies takes usually months and therefore core competence acquisition agenda needs to be established. Acquisition of the core competencies should be tied to the general management rather than to the technical details. When there is a set goal for the core competencies to be possessed it is time to start building new core competencies or refine the ones identified earlier. Building a core competence to be the brightest in the industry can take years so patience is a virtue here. To take the full advantage of a core competence it needs to be deployed throughout the company to every applicable product and business as was seen in FIGURE 11. To protect and defend the core competencies an organization needs to provide enough support to the continuity of the core competencies. Methods include funding, staff empowerment, broad spectrum communications, etc. (Hamel & Prahalad 1996, 245-259.)

In a start-up company, the core competencies should be identified and embraced before the strategies are decided. When the core competencies have been identified strategies and even goals of the company can be formulated to take full advantage of these competencies. Core competencies of Raavus Oy are identified in the Strategic Roadmap.

3.2.3 Strategic vision

"Vision without action is a daydream. Action without vision is a nightmare." - Japanese proverb

Strategic vision is a statement that ties mission to a timeframe. It usually states the desired position in the marketplace after a certain time. Strategic vision is the soul of an organizational strategy. Strategic vision is the reason and the guide to set the goals. It is the star that aims the focus and efforts of the organization to a desired direction. This desire is usually set by the board or the CEO. The timeframe for a strategic vision to fulfill depends on the circumstances but as a general rule it is usually from three to five years. In certain circumstances and in some cases the vision can be considerably shorter or longer. Catholic Church has considerably longer vision than five years. On the other hand some projects, like festivals held only once might have vision for just few months in advance. (Cowley & Domb 1997, 65.)

Strategic vision can vary from very vague to very restrictive but it is usually widely articulated in the organization. With a strategic vision a mission and values are usually publicly expressed parts of the strategic management of an organization. In today's fast paced world it is more common than before that a strategic vision turns out to be false. This is particularly true in a high-tech industry in which Raavus Oy takes part. For a small organic organization, like Raavus Oy, this might be an advantage if similar strategic visions are shared with larger companies. On the other hand if the strategic vision of a large organization turns out to be right, like in the case of 1990s Nokia, the power of a vision can carry the organization a long way. (Swann & Gill 1993, 24.)

Strategic vision can be changed in the case of an unsatisfactory vision. It might turn out to be harder to ingrain a new vision than expected. Organizations might become accustomed to the organizational routines and thus revolt against the change in the strategic vision like the cultural school of strategic management has pointed out (Mintzberg et al. 1998, 268). When a strategic vision has become integral part of the organizational culture the change of that vision might require changes in organizational configuration and habits. Shared strategic vision is seen as the most effective form of direction setting and thus it is advised to communicate the vision as effectively as possible (Cowley & Domb 1997, 65). In the case of Raavus Oy it wasn't hard to find mutual understanding on the matter of the vision as it wasn't changed that much. Only thing that changed in the vision of Raavus Oy is the timeframe of the goals. As mentioned in chapter 2, up until this strategy process there have been no set timeframe for the vision of Raavus Oy. (Swann & Gill 1993, 24-25.)

3.2.4 Change

Change is achievable if three questions can be answered. Those questions are what, where and when. Change can be juxtaposed with learning because all change requires new thought patterns to be built (Stenvall & Virtanen 2007, 22; Senge 2006, 9-10; Sydänmaalakka 2009, 44). Learning is about the only thing in change that all of the experts agree upon. Depending on the source change can be seen as a project or a process; either as a top down or a bottom up event; a religious or as a calculated happening (Mintzberg et al. 1998, 324-343). It might be that the best way to a permanent change is not in the managing at all. Jim Clemmer's adaptation of words of Abraham Lincoln might give some insight on the matter: "To effectively deal with change, you don't focus on change as some kind of manageable force. You deal with change by improving you. And then your time must come (Clemmer 1995, 186)." To gain some insight to change as an organizational process some major theories are discussed here with critique and possible applications for Raavus Oy.

To understand change, the first thing to ask is: What can be changed? It seems that the same answer can be used here as with the strategy: "It all depends". The other question involves the complex relationships between the different actors and motives in an organization: How can we change it? Things to be changed, when talking about strategy implementation, are displayed in the change cube (Mintzberg et al. 1998, 326-327). In the front of the cube there are two dimensions of organizational change. First one being changes in the strategy and the second in the organization. Conceptual change can be found from the top of the cube (i.e. vision and culture) and from the bottom concrete change (i.e. products and people). The third dimension of change, found from the depth of the change cube, is the amount of formality that the change carries. In the deep end there is implicit change and in the front explicit maneuvers. The change cube is displayed in FIGURE 12.

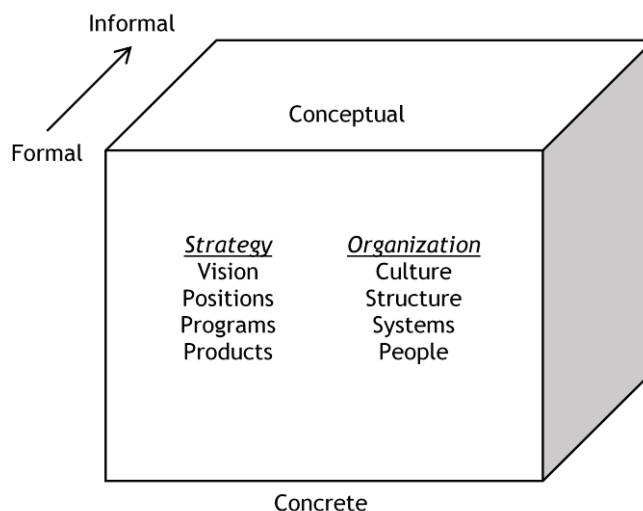


FIGURE 12. The change cube of Mintzberg shows the perspectives of the change. (1998, 326.)

As John P. Kotter points out, all organizations are made from interdependent parts. No one element can change without affecting at least some parts of the whole ecosystem. Kotter attributes much of those connections to the increased competition. Practical implication of this means that to get some of the parts changed in the organization one needs to try to tread softly and still touch some of the connected items. The real challenge is to understand and control that easily trembled and disrupted system in the face of change. Some insight to this problem is offered in the FIGURE 13. (Kotter 1996, 134-139.)

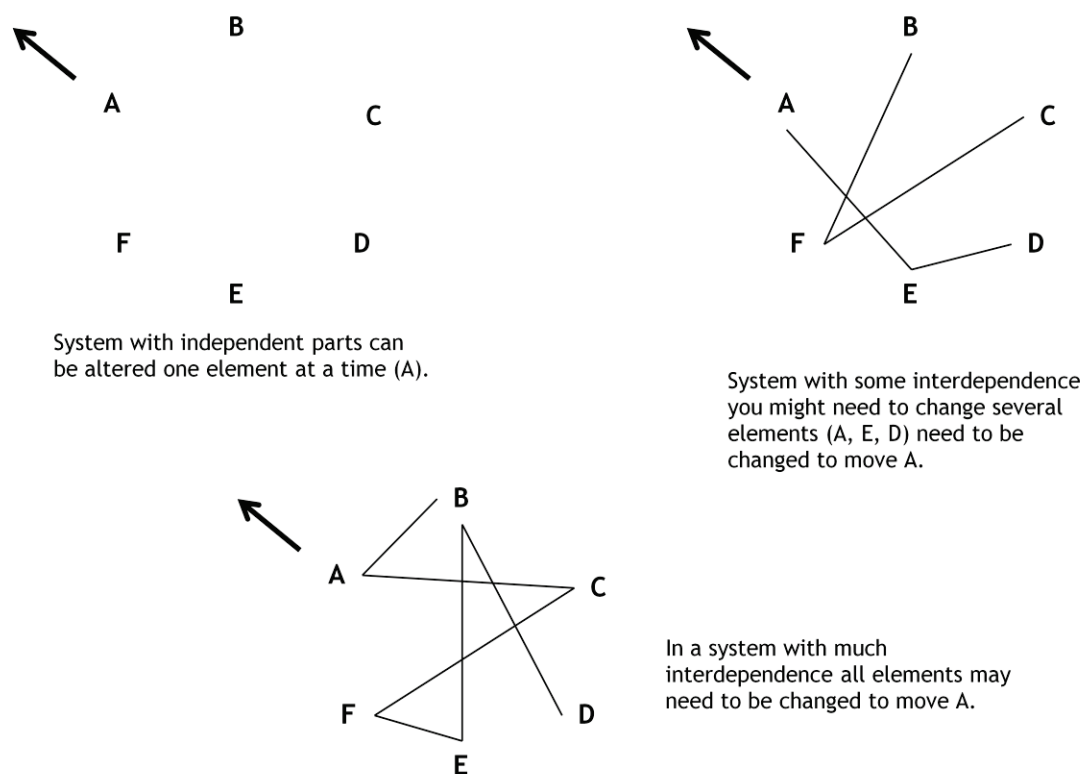


FIGURE 13. How much interdependence affects the process of change in systems? (Kotter 1996, 137.)

"But I, being poor, have only my dreams; I have spread my dreams under your feet; Tread softly because you tread on my dreams." - William Butler Yeats

Preceding citation from the poem "He Wishes for the Cloths of Heaven" by Yeats may just be the most accurate description of the situation in Raavus Oy considering the balance of the forces affecting the future of the company. Every member of the company is hopeful and full of anticipation towards the Strategic Roadmap but no one knows how the new direction will interact with tradition and how that contributes to the sophisticated relationships between the stakeholders.

Methods of change can be displayed with some accuracy in a map. The variables to consider in a change can be grouped in to two axels. Vertical axel is the degree of formality. Horizontal axel divides the scale of change from micro to macro. Mintzberg et al recognize three distinct levels of formality. Evolved change is the least formal and it happens daily with little or no effort. Example of the evolved change is kaizen, which claims that all things can be done better and constant improvement doesn't necessarily need innovation (Imai 1997, 3). Driven change is guided and needs an influential individual to oversee the change process. Examples of a driven change include rationalization, repositioning and reconfiguration. Planned change is based on programmatic methods. Examples include quality and betterment methods like Total Quality Management (TQM), Balanced Score Card (BSC) and work reprogramming (Dean & Evans 2000; Malmi et al. 2006). Map of the described change methods can be found from FIGURE 14. (Mintzberg et al. 1998, 327-330.)

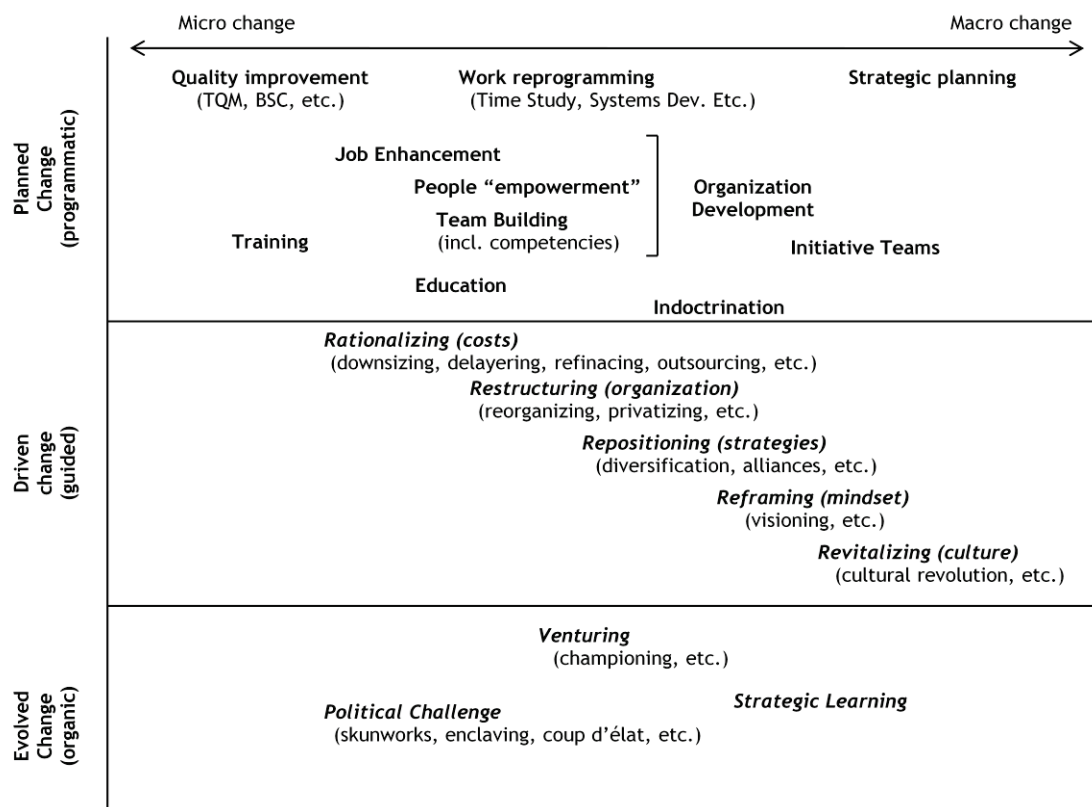


FIGURE 14. Map of change methods adapted from Mintzberg. (1998, 328.)

In the case of a complete change of course, in form of a new strategy, learning must happen in all levels and through the whole scale. In the case of Raavus Oy prevailing methods are in the category of driven change. Evolved change is happening continuously and in common direction because of the close relationships between core personnel. Even though the strategy implementation is largely programmatic only small part of actual internalization is done with

formal procedures. Most of the actual ingrainings of the company's new direction is achieved in teams. For a quality management and betterment Raavus Oy uses BSC. (Summanen 2010c.)

3.2.5 Kotter's eight steps

Professor John P. Kotter is one of the leading authors on the subject of change. This chapter discusses Kotter's eight step transformation program that deals with organizational change. He gives two predispositions to the change in today's business world. First predisposition is that world and its players are moving faster than before and more dramatic and frequent change is needed to cope with the constant change in the environment. Second predisposition states that it's only a few brightest organizations that actually manage change. By these dispositions Kotter named his most significant book "Leading change" as managing rarely provides enough guiding and effort to actually induce a favorable change. As the name indicates Kotter's point of view in change is from top management down to the employees. The eight steps are introduced below in the form of errors. Those errors are then subsequently critiqued. After the critique, possible adjustments are discussed to suit the strategic change of Raavus Oy. (Kotter 1996, 3-5; Mintzberg et al. 1998, 336; 339.)

Kotter's first error in transformation is *allowing too much complacency*. For change to happen there needs to be a sense of urgency. The sense of urgency can be achieved via wide base of believers on the necessity of a change. For Kotter this is the most important factor in any transition. Raavus Oy is a tight band of brothers and as such feel of urgency can be realized with simple means in the case of common interests, such as the new strategy. (Summanen 2010c; Kotter 1996, 4-5.)

The second error is *failing to create sufficiently powerful guiding coalition*. Kotter accentuates that no manager can create lasting change alone. Actual problem is an insurgency as "countervailing forces undermine the initiatives". Judging by this step, Kotter directs his advice to somewhat larger corporations. As Raavus Oy is small enterprise there is no real threat within this error providing that everybody in the company is avoiding the first error. In the case of the Strategic Roadmap it was thoroughly discussed and analyzed so shareholders would agree on the ideas and the methods. (Kotter 1996, 6-7.)

The third, and maybe the most notable error for Raavus Oy, is to understand *the power of vision*. Kotter proposes that a sensible vision directs, aligns and inspires action. As mentioned before, the vision can also be seen as the beacon of transformation. As a beacon, blurry or too complex vision hinders the transformation. Manager of the company should be able to utter out the vision in five minutes in a way that "get[s] a reaction that signifies both understanding and interest". Such a clear vision is easier to remember by heart and act according-

ly. For Raavus Oy this means that the vision is written down and distributed across the organization and to the selected interest groups. (Kotter 1996, 7-9.)

Fourth error is closely related to previous three errors as it is *undercommunicating the vision by factor of 10 (or 100 or even 1000)*. Kotter states that most employees need to be willing to help for the new to prevail and old to diminish. He recognizes three distinct patterns that hinder the adoption of the new vision (1996, 9-10):

1. Top management uses only a fraction of the intercompany communication to signal the message.
2. Head manager might use considerable amount of time on speaking out the new vision but line managers are not on board with the process.
3. Some visible individuals (often in the place of a power) behave antithetical to the vision.

All of these mistakes emerge during stable times. The internal communications of Raavus Oy was going through overhaul at the same time as the Strategic Roadmap was being developed. Results of that project remain to be seen as the Strategic Roadmap is the first document to be distributed in an improved system. (Summanen 2010a.)

Fifth error is *permitting obstacles to block the new vision*. Obstacles such as narrow job categories without room for self or organizational improvement may block the vision. If managers are making demands inconsistent with the new vision it blocks the new vision. Other thing hindering the new vision might be conflicts between the organization and self interest of the employees. In the process of the strategy formation in Raavus Oy this error is managed by taking everybody's opinion in to consideration. Actually Raavus Oy has been doing that from the day one, as no one visionary entrepreneur has been masterminding everything by himself. (Kotter 1996, 10-11.)

Sixth error comes from *failing to create short term wins*. As we know, major transformation takes time but if there is no evidence of positive change in *six to eighteen months* there is a risk of the employees losing the interest. Kotter encourages to look actively for performance improvements and to establish achievable goals, achieve those objectives and reward those involved. He also points out that pressure can be a good thing because urgency levels usually drop if there are no clear goals to be chased. (Kotter 1996, 11-12.)

CEO of the *Brave New Talent*, Lucian Tarnowsky gives following advice to deal with the generation-N⁴ of employees, which most of Raavus Oy members are: You ought to reward achievement immediately and in small parts rather than once a year (Sydänmaalakka 2009, 39). In Raavus Oy the rewarding system still needs basic set of rules as right now incentives are given on haphazard fashion (Summanen 2010a).

Seventh error has to do with the final goal as it is *declaring victory too soon*. Kotter reminds that assuming the job is mostly done after the first major improvement is a terrible mistake as it stops all the momentum. That mistake is definitely something to take in to consideration in the case of Raavus Oy. If the company gets its first major deal, there must be a plan of continuity. Otherwise there is a distinct risk of being lulled in to belief that all matters will sort themselves out. Raavus Oy is employing license based sells so some continuity is guaranteed by every deal. (Kotter 1996, 12-14.)

In the last error Kotter links change to the culture of the company. Eight mistake is *neglecting to anchor changes firmly in the corporate culture*. New behaviors need to be rooted firmly in the social norms and shared values. If company misses this last point it risks to degrade the change. As Raavus Oy has rather strong culture of friends to begin with it might make it hard to completely change the course. There is no need for complete overhaul the company but only to polish the message so that it is clear to all the stakeholders. (Kotter 1996, 14-15)

Kotter points out that none of these eight mistakes would be that costly if we wouldn't be living in a fast paced world (1996, 15). That seems to be the consensus in the entire strategic management field. Change is a force that cannot be stopped but only managed. Some say that all you can do is to sit back and react to changes around you (Morgan 1998, 57-60.), while some authors state that company can reshape the future (Pfeffer & Salancik 1978, 106-107). To wrap this all up Kotter points out that the key lies in figuring out why the employees oppose the planned change. To this end he urges managers to understand the multistage process that can overcome the destructive inertia and that leadership means more than management in change (1996, 16). Kotter's eight errors and their consequences can be seen in FIGURE 15.

⁴ Generation-N (on other sources Generation-Y) is a term coined by Don Tapscott (1997). He states that Generation-N consists of people born in 1977-1997 (although the upper limit is arguably set because of the original publishing date of Tapscott's book) (Sydänmaalakka 2009, 38-39; 264). David W. DeLong designates people born between 1981-1999 to be the Generation-N (2004, 12). They are the first generation that has lived their entire lives in the world of Networks. (Tapscott 1997, 1-4.)

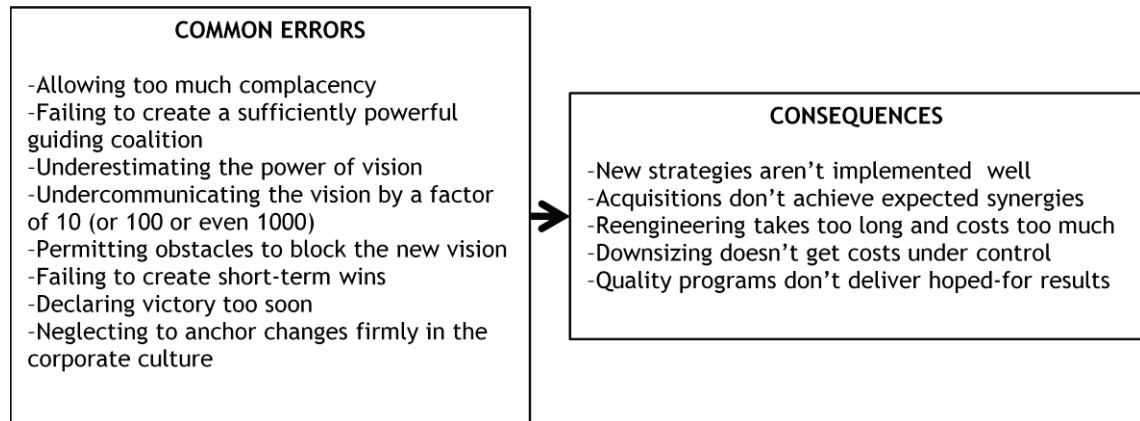


FIGURE 15. Errors of organizational change. (Kotter 1996, 16.)

Kotter is not the only author on change. There are many methods and principles to achieve change including “evolutionary/institution building” change, “jolt and refocus” change, “follow the leader” change, “multifront focus” change, “systematic redesign” change, “unit-level mobilizing” change, etc. To oppose Kotter’s top-down change a bottom-up change focuses on organizational change from the employees to the top. After analyzing the possible change methods, it was decided that change in Raavus Oy is going to be attempted by following Kotter’s eight steps. (Mintzberg et al. 1998, 332-343.)

3.3 Theoretical viewpoint

The often referred analogy to the strategy formation is of blind men and elephant, where a group of blind men make assumptions about an elephant by just judging one aspect like a tusk or a tail (Mintzberg et al. 1998, 2-4). After reviewing almost 50 strategic management publications, it seems that there is no best overall way to conceive a strategy. Best way to envision a strategy depends on multiple factors including the environment, assets, maturity of the market, etc. Some older works in the field see the strategy as no more than a set of tools to identify the strengths and weaknesses and opportunities and threats like the first three schools of strategic management reviewed earlier. In contrast some of the later frameworks suggest that strategy formation should be about clustering all the various ways of the strategy formation. The problem that follows is the immense amount of information and theory to be incorporated. When taking all the precursors and possible outcomes in to consideration no one can predict the exact strategy for certain goal. Analysis has its place as does visioning and dialogue. (Mintzberg et al. 1998, 5-6.)

If there is no way of knowing best route for a certain vision, the best way could be to choose rudimentary goals and strategies and let the road refine the strategy and to guide to that vision. We are nevertheless learning creatures and our organizations are learning entities. Of all the schools in the *Strategy safari*, Raavus Oy can be identified as a believer of visionary

strategy of the entrepreneurial, of transformation, and of the configuration school with a hint of emergent process from the learning school. The strategy process doesn't necessarily need any guides or instructions but some techniques can contribute vastly to the final outcome.

For the process of strategy formation in Raavus Oy there wasn't any step-by-step guide. The process took the most suitable parts from such authors as Kotter, Mintzberg, Sydänmaanlakka, Lang and Senge. The analysis of competitors and environment was achieved with kind help from such authors as Tzu, Porter and Clemmer. Analysis of non-hostile environment was helped by such authors as Harisalo and Belbin. Books on Balanced Score Card and Total Quality Management inspired the process on the competences and values of the company. To summarize, the company tried to create as versatile view of the strategic management as possible. After all, isn't the strategy a guide for the organization penetrating all of the processes, structures and functions of the company?

4 Creation of the Strategic Roadmap

"Everything should be made as simple as possible, but not simpler." - Albert Einstein

This chapter describes the actual process of the strategy formation in Raavus Oy as it came to pass during the first half of 2010. As there was existing but tacit and under communicated strategic framework for Raavus Oy, it wasn't necessary to start the work from scratch. The starting positions of the company were extensively introduced in the first two chapters and therefore this chapter focuses on the process and reflection rather than the prerequisites and conditions of the making of the Strategic Roadmap.

4.1 Planning and execution

The purpose of the strategic planning is to "Set the direction of organization to improve its prospects for long term survival and prosperity" (Cowley & Domb 1997, 3). To achieve the goal of the strategic planning set by Cowley and Domb new round of strategic planning started in Raavus Oy in January 2010. First documents to arise from that strategic process were the mission, vision and value statements of the company. These statements were formed by the board in less analytical and more visionary manner. Analyses on the variables of the company were conducted by the CEO and the Chair and reviewed by the other shareholders. Statements were, however, formulated without too much consideration on the results of the analysis to keep them as authentic and as close to the company as possible. That was decided because of the novelty of the target market and trust for the vision of the company. CEO drafted his opinions to a presentation that was consequently reviewed and refined by the board members without face-to-face meeting.

It was the consensus across the board that those statements formulated, but not written, in 2007 when Raavus Oy was established were still applicable. Only addition was the timeframe as discussed before. Figure was created to display the mission, vision and values statements to visually present the hierarchy and relations of the statements. This figure with explanations can be found from the Strategic Roadmap in chapter 4. Other possibility was to analyze the past performance and future prospects to guide with the statements. This could be the best option, if there is no apparent best route to go about the statements. In the case of Raavus Oy, analysis was left to the goals and strategies stage of the process.

After the mission, vision and values statements were written and the figure drawn the CEO started to work on the specific strategies to fulfill those statements. First on line was to decide on the more detailed timeframe and intermediate goals to fulfill the vision. After interviewing the shareholders and reviewing the literature on strategic management it was decided that three distinct three year stages were needed to get to the goal. On the literature there is scarcely little information about the timeframes of a good strategy but the most suitable ideas were found from the work of John P. Kotter and Jack Lang. Kotter courage to wait for a change to happen. On the other hand Jack Lang is proponent to fast moves especially on high-tech market.

After consulting engineers Oskari Summanen and Miika Heiskanen to get the feel of the development cycle of the core of the AVUS, three years for one particular stage was deemed optimal. Those three stages were opened in detail on the Strategic Roadmap and appendixes with most focus on the first three years. The content and index of the Strategic Roadmap with appendixes is a result of the literature review and insights of shareholders and Laurea University of applied sciences teachers. Some strategic documents were left out of the strategic map to give different priorities and different shareholders liable for those documents.

The body of the Strategic Roadmap includes six chapters. The first chapter is the executive summary that describes the company and its objectives to the reader on a one page presentation. The second chapter is the authorization page where the board undersigns the Strategic Roadmap as a valid operational document. The third chapter describes the organization. It includes the history and the situation of the company in a detailed manner. The organizational description lays foundation for the strategy to be interpreted. The fourth chapter includes the mission, vision and values statements of the company with explanations to each. The fifth chapter includes the specific goals and strategies derived from the vision, mission and analyses. These goals and strategies should be bound to time and responsible actors should be named.

The sixth chapter includes the list of appendixes. The list can vary greatly depending on the form and functions of the organization but some common appendixes should be included:

- *Action planning* includes the specific actions, timelines and responsibilities to achieve the goals.
- *Description of the strategy process* describes different actions and their relations during the strategy formation. It serves as a memory for the future strategic project.
- Strategic analysis data includes the outcomes of the analyses performed during the strategy process.
- *Goals of Board and CEO* picks the specific tasks found from the action planning to be fulfilled by the Board and the CEO.
- *Budget planning* includes the budget for the last and next year as well as project budgets for individual projects.
- *Operating plan for the next fiscal year* includes those actions that need to be taken during the next fiscal year to achieve the vision.
- *Financial reports* include the financial statements of previous years and the balance sheet.
- *Monitoring and evaluation of strategic plan* gives step by step guide to evaluate the success of the strategy.
- *Communication of strategy* guides the distribution of the strategic document.
- *List of strategic documents* is a list of all the other valid strategic documents and their statuses.

The first draft of the Strategic Roadmap was compiled by the CEO based on the analyses and particulars of Raavus Oy. Analyses made during the process include the SWOT, PEST and five competitive forces. Input to the analyses was gathered from the shareholders. Resulting lists were opened and analyzed with adapted risk assessment method. Value stream mapping was used to compare AVUS to other products. Results of the analyses are kept inside the company. After the first draft on the main document of the Strategic Roadmap was done it was reviewed by the board. The board suggested some changes and some additional goals and strategies to be included in the main document. After the second draft was completed appendixes on action planning were written by the CEO and reviewed by the shareholders and changed accordingly. Action planning included the documents aimed to elaborate the next fiscal year and specific goals of the CEO and the Chair. Other appendixes were planned and written by the CEO with insights and expertise from the other shareholders. When the drafts were finished all of the documents were given security classifications according to the company guidelines expressed in the security strategy for the document classification. As the main document and some of the appendixes are communicated openly, they were left unclassified.

Those appendixes that include direct operational data and instructions were classified as secret. The classifications were given by the CEO, who is also the head of the security.

As stated earlier one of the common errors in organizational change is undercommunicating the vision (Kotter 1996, 85-100). When all of the final drafts were approved by all board members the Strategic Roadmap was uploaded to the intranet and the work on communicating the strategy begun. And to follow Kotter's advice communication of the vision and strategy (1996, 90):

- Is kept as simple as possible without oversimplifying it to mantras and utterance.
- Is communicated in multiple forums, like meetings, intranet, marketing material and strategic company documentation.
- Is repeated with new perspectives on every meeting.
- The CEO is living to make the strategy happen, hence empowering other shareholders to act accordingly.
- When questions arise they are addressed in appropriate forum so no stain will come to the vision from within.
- Communication of the strategy is multidirectional and ideas to change the strategy are always welcome.

Even though strategic planning of Raavus Oy has come to some sort of a milestone the work on the strategy is far from over as mentioned by Mintzberg, Ahlstrand & Lampel (2005). The shareholders are willing to steer the direction of the strategy if the external or internal environment gives such pressure to the strategy. When shareholders learn more about the circumstances and possibilities changes to the Strategic Roadmap are welcomed by the CEO and the Board. Principle of Kaizen is celebrated in the company. On the first complete version of the Strategic Roadmap most focus was given to the three next years to allow more flexibility in the strategy for the last seven years that the vision covers.

4.2 Prerequisites and methods

There are few prerequisites for a strategy process that needs to be taken in to consideration. The first basic condition is the organization. Without the organization there is no need for a strategy. The second necessity is the will of the Board. Without the will, support and intention of the Board it is not possible to formulate or implement a strategy. Third element is not so obvious. There needs to some kind of need for a strategy process to take a place. If the current strategy is helping the company to thrive there is no need for a refinement or overhaul. The fourth prerequisite is the creator of the strategy. There needs to be a person who, or a group which can undertake the strategy creation process. The creator needs to have suf-

ficient power in the organization to drive a change. Usually that person is the CEO. The fifth and final grounding element is the will of the company as in all of the shareholders and employees. A meaningful change cannot be achieved without the full support of the company. With these prerequisites in place we can talk about the methods of the actual strategic work.

Some of the methods used are explained earlier but the actual work process had much more delicacy than has been led on. The first method was to review the literature of the strategic management, vision and change. During this preface old knowledge of the company was given new meanings by concepts presented in the literature. The first reaction was amazement and disbelief as methods and ideas presented seemed dauntingly vague. After few months of reading the literature some insight was found from some central concepts in strategic management and change. During March much changed as most concepts sunk in seemingly overnight.

After the literature review talks and interviews were begun with the shareholders of the company. Methods included theme based phone interviews, face-to-face interviews in a group setting and e-mail exchange. During these talks and sessions the inner and outer environment of the company and the product were analyzed. From the results of this evaluation process, synthesis was made and the writing process begun. The most suitable concepts and methods of strategy process were fused to a simplified framework. Upon this framework the actual writing started. At the same time, theory portion of this thesis was written to keep fresh touch to the concepts.

After first drafts, new round of talks and interviews begun. This stage lasted only a week, during which last changes were made and final drafts were sent to shareholders for approval. General meeting of the company is held in June when new board is elected. New board will officially approve the new strategy, even though it was informally implemented during the process already.

4.3 Evaluation

It is rather easy to say that the process has given the company new energy to chase the vision and to fulfill the mission. During the process some things have been easy whereas some have been difficult. Easiest part has been the interaction and talks between the shareholders. Everything seems to happen effortlessly when some input is needed from the shareholders. On the other hand, hardest part has been to find the appropriate framework for the strategy process. It could have been easier if the strategy was written only once without care for the future refinements. But as the Board instructed it is imperative that goals and strategies can be easily adapted and developed in the case of some unforeseeable event. It was imperative

to find and develop a framework that could facilitate those aspirations. The framework used seems to be able to bend and modify to new situations as was tested during the initial writing of the Strategic Roadmap.

The literature review was started by reading the *Strategy Safari* by Mintzberg et al., *The High-tech Entrepreneurship's Handbook* by Lang, *Leading Change* by Kotter, *Six Thinking Hats* by De Bono and *Jatkuva uudistuminen* by Sydänmaanlakka. If done again, more contemporary work should be read too as the environment keeps diversifying and multiple new angles need to be assessed to see the whole process and most forces affecting that process. On the other hand it is important to see to the past to be able to predict the future.

Analytical part of the process could be integrated deeper in to the strategic meetings. When analyzing the marketplace and own competences it is imperative to have continuum of supportive events and meetings. Analytical processes are always partly tacit. To verbalize the tacit knowledge the curve of structuralization needs to be taken in to account. The holder of the tacit knowledge needs time and direction to externalize the implicit lore.

4.4 Reflection

In this chapter I will reflect the successes and challenges of the project. I will also reflect my own learning during this project. Most of the steps taken along the way were steps taken forward rather than backward. If I would do all this again, there are, however, some things that I would do differently. I reflect the bad and the good of this project in the following subchapters.

4.4.1 The Bad

Looking back at the project the things that could have been managed better are the same things that Raavus Oy has lacked through its existence. Things that could have been structured better include:

- Time (in the beginning of the project),
- interviews and meetings (with the other shareholders),
- involvement (of the teachers and experts), and
- theoretical examination of the subject.

I had plenty of time to come through with the project but the time spent on the thematic refinement of the project before actually starting it was considerably longer than was healthy for the project. If I ever do a similar project again I will set goals bound to time from the

start of the project. It is easier to adjust an existing timeframe rather than trying to structure the project day by day. It would have been a lot easier to set the interview and the meetings with the shareholders on specific subjects if I would have had a little more than a vague idea of the structure of the strategy and the thesis. I was like a lone wolf during the first half of the project supporting my work solely on my own experiences, past interviews and the strategy literature. If I ever do a project like this again, I will interview and consult as many experts on the subject as possible. I had done many interviews and met a lot of experts prior to the project but some specific aspects were little more than a vague looming when I started to write the Strategic Roadmap. If I would have had the insights of the teachers that I got during the last month of the project, I would have had better grasp on the subject. On the other hand I think I had to immerse myself in to the literature before I had enough perspective to consider the insights of the teachers and experts.

It took about a month for me to gather the body of the theoretical literature for the thesis. About half of the sources emerged during the project by dwelling deeper in the theory and by suggestions of the interviewees. The integration of the newfound information proved to be a lot harder than I expected. I should have had a wider perspective from the start of the project considering the theoretical subtext. It was hard to review, correct and compact the thesis when there were so thick sediment and so many layers of information. Wholeness of the report and of the Strategic Roadmap could have suffered because of these challenges. Fortunately I had enough time for multiple iterative rounds to deal with the mentioned challenges.

4.4.2 The Good

It is no wonder that most of the project went according to plan. I had excessive knowledge on the target organization and I had many personal benefits to be gained from this project. As a shareholder I have the benefit of hopefully increased profit of the company. As a CEO I have the benefit of clarity when it comes to the strategic maneuvering of Raavus Oy. As a student I have the benefit of a desired grade. As a curious person I have the benefit of increased knowledge and insight. Highlights and positive lessons of this project include:

- My own ability to understand, discuss and develop strategic processes,
- feedback of the peer groups, the stakeholders and the experts,
- valid strategy is a result of a highly specific, or even unique analysis, insight, wide contribution, support and creativity of the connected parties,
- numbers don't lie but they can be deceptive,
- success of a strategy is affected by a multitude of factors, and
- strategy is an evolving prediction.

I have gained tremendous amount of understanding about strategy creation and implementation. The process has refined my ability to see strategies from multiple viewpoints with greater insight to the things that might work and might not. The process has also taught me to participate in strategic discussions in a more deep and meaningful way. From those discussions the greatest lesson, which carries throughout the strategic field, is that a feedback is the king of guidance systems for strategic maneuvering. Without the input from all of the connected parties no full strategy can be built. Every strategy can emerge as a unique medley of positions, patterns, plans, perspectives and ploys when the stakeholders are kept in the strategic planning loop. This provides the main strategist with the tools and the information to formulate the best possible strategy.

When formulating a strategy it is important to keep track of the numbers in the financial and quality systems as they provide trackers. Financial statements with the willingness to take outside money provide the financial framework in which the strategy needs to be delimited. I have noted that it is very rare for the financial projections elaborate the potential of the start-up company. When widening the perspective to other factors affecting the strategy, there are literally dozens of factors that affect the success of a strategy. After formulating the Strategic Roadmap I actually see strategy as an evolving prediction. Strategic predictions shouldn't be confused with Nostradamus-like prophecies. I believe that strategic predictions should be seen more in the way of a weather forecast where the strategic course can be adjusted in conjunction with all forms of the change. I am now a better strategist.

5 Conclusions

Raavus Oy is a small entrepreneurial company and as such no grand strategy has been needed. The vision of the inner circle of the company has been enough. But as the company aspires to grow and root in a niche market far larger than the original customers some strategic goal setting and strategies to achieve those goals needed to be formulated. During the process it became obvious that most strategic management and change literature concentrate on large enterprises where the general management takes more time and effort than in a small company like Raavus Oy.

After the initial idea it was relatively easy to develop mission, vision, values, goals and strategies that carried complete support of the shareholders as the shareholders think alike of strategic matters for the most part. In a small start-up company the vision and business plan should be enough to pursue the business. When the business starts to grow and new shareholders are presented to the core team more strategic documentation is needed. Dividing number between "small" start-up company and "growing" start-up company depends wildly

on the format of the company. If every shareholder and employee work under the same roof it is much easier to manage the work than in a company like Raavus Oy where every shareholder lives in and works from a different city.

As this thesis is done for security management studies the issue of security versus strategy must be addressed. It is the belief of Raavus Oy that after sound mission and vision are set strategic management is mostly managing the risks on multiple fronts. In an interview Ari Tolonen put it to words: “For the most part strategy is to know what not to do, and not what to do.

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Raavus Oy

Strategic Roadmap

Guide for everyday work

Eetu Kirsi

9.5.2010

This document includes the latest guidelines and practical advice for the promotion of the Strategic Vision approved by the board.

Current version of this document is 0.93.

This document can be found from the intranet (<http://intra.raavus.fi/>) in the folder "Strategy".

CEO Eetu Kirsi is the one responsible for updating this document. All changes to this document needs to be reviewed with him.

This document is intended to be organic in nature and is designed to accommodate future changes in the internal and external environment of the company.

This document is intended to include the strategic guidelines for lesser strategic document like budget, security policies, security strategy, player map, marketing and selling strategy, teamwork structure, quality management and technology strategy.

This document aims to describe the intentions which lead to sustained value for the stakeholders of the company.

Primary version of this document is written in English but different language versions can be produced as needed. Different language versions should be updated to match the primary language within thirty days.

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1 Executive summary

Raavus Oy is a Finnish company owned and managed by friends. Raavus Oy was established in 2007 and its headquarters are in Paimio, Finland Proper. Currently Raavus Oy is new-tech Software Company. There are currently six shareholders and four board members. Raavus Oy is self-supporting business.

Mission statement of Raavus Oy is: "Situation awareness is of paramount importance in crisis management. We manufacture, market and sell Complete Situation Awareness and Command Solutions (SACS) to the crisis management actors including military and civilian organizations thus making crisis management safer by making it smarter." Vision statement of Raavus Oy is: "Within ten years we will be respected supplier of SACS software for crisis management."

Current strategy is aimed to enable the manufacturing, marketing and selling of the SACS software AVUS. To obtain the resources to achieve the vision we design and sell complete internet and intranet solutions to selected organizations.

AVUS is a multipurpose planning, tracking and reporting software, which enables individuals to follow and alter unit movements, messaging reporting on any device including but not limited to computers, handhelds and mobile phones. On a later stage there is a possibility to create proprietary equipment to support the software.

For the first three years AVUS will be targeted to international crisis management units in military sector. Countries for a possible development contract are limited to smaller countries with vivid crisis management background like Finland, Sweden, Saudi Arabia, Kuwait, Germany and Estonia. We seek two countries for development contract.

Next three years is aimed to license AVUS with full feature set and support package to five countries within first year. We predict that those five contracts will add up to 1,000,000 Euros for Raavus.

After the initial contracts we will be able to license about three organizations every year. As licenses will be paid annually there will be fast growing and steady cash flow for years to come. Pricing is based on licensing and support fees. Proprietary devices, new software features and customer support will form base for expansion.

2 Authorization

This document is only valid if all the board members approve it and promote its implementation to the company. Approval is needed from all the board members for major changes to this document. Incremental changes can be approved by the Chair and the CEO. Version control is managed by the CEO.

Authorization for version 1.0:

Date:

Oskari Summanen, Chair

Eetu Kirsi, CEO

Ari Tolonen, Member

Jyrki Kyynäräinen, Member

Authorization for later versions

Version:

Date:

Oskari Summanen, Chair

Eetu Kirsi, CEO

Version:

Date:

Oskari Summanen, Chair

Eetu Kirsi, CEO

Version:

Date:

Oskari Summanen, Chair

Eetu Kirsi, CEO

3 Organizational description

Raavus Oy is a limited company innovating, producing and selling sophisticated intra- and internet applications with a focus on systems providing planning tracking and reporting capabilities for crisis management actors. Raavus Oy was established in 2007 by three friends with differentiating skill sets. By 2010 Raavus Oy has introduced three additional shareholders to compliment the original founding members. Of the current shareholders one is a Venture Capital company and others are individuals.

One of the founding members, chair and CTO is Oskari Summanen who works for Paimio municipal as IT-engineer. He has a degree on embedded systems from Turku University of applied sciences. Other founding member Eetu Kirsi acts as CEO of the company and is a board member. He is a security management student in Laurea University of applied sciences. He was on crisis management duty with the Finnish armed forces for over two years. Third founding member is Jyrki Kyynäräinen who studies in Kuopio University to be a medical doctor and holds a board membership.

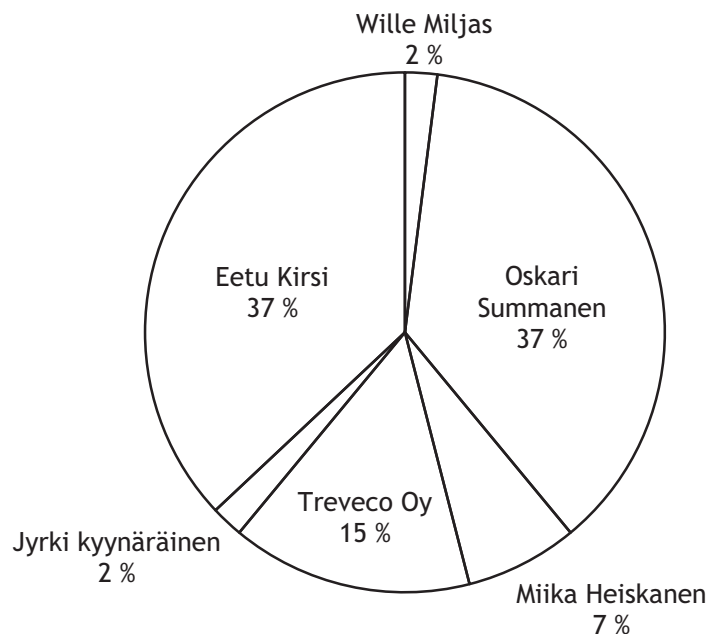


Figure 1. Distribution of shares in Raavus Oy June 2010.

Treveco Oy is a venture capital company operating mainly from Tampere region and holds one board position. Raavus Oy and Treveco Oy have an arrangement on capital funding, sparring and guidance. Miika Heiskanen is another IT-engineer in-

roduced to the company by Oskari Summanen. He has committed to the next development cycle of the main product AVUS. Wille Miljas is a business marketing student in Haaga-Helia University of applied sciences and holds a position as a VP of sales and marketing. Distribution of shares is displayed in the Figure 1.

As a small entrepreneurial venture Raavus Oy has only loose organizational structure. Instead of hierarchical structure Raavus Oy banks on team organization. Size of the teams In Raavus Oy has been about three individuals. For the new development cycle the size of the teams needs to increase as not all essential capabilities can be found from three persons.

Two existing core competencies (CC) of Raavus Oy are: 1) Intimate knowledge of the core customers needs. Idea and development of AVUS started in the defense forces but the knowledge and insight transferred to Raavus Oy upon its establishment. 2) Serried development team. Personal relationships between the members of the development team continue to produce the best possible outcomes.

Raavus Oy is looking to build new CCs and expand the existing ones with wide support. Main focus is on the improvement of the customer service area. By improving the existing customers experience Raavus Oy is acquiring new talent for the upcoming customer contacts.

History

Raavus Oy was established because Oskari Summanen and Eetu Kirsi needed a company to do business with Finnish armed forces which was the first customer of the company. During that time Eetu Kirsi was working in Finnish unit of European Union Battlegroup. During a war-game Eetu Kirsi found out that messaging management was barely adequate as it was achieved with tools not suited for the purpose. During that exercise Eetu contacted Oskari who was familiar with programming languages. Oskari programmed the first version of messaging management software Vilotika. Specifications for the software were given by Eetu and his tactical operations center (TOC).

After graduation Oskari continued to develop Vilotika and quite soon interest rose from the next EUBG rotation to use Vilotika as their messaging and troop control software. Raavus was established to sell the refined and updated version of Vilotika

to EUBG. Battlegroup used Vilotika for the duration of their rotation. After their rotation ended in 2009 no new Battlegroup was formed. Eetu started studies in security management and Vilotika was put to intermission.

Starting from 2008 Raavus Oy has been doing smaller projects with communities and companies mainly consisting of Internet and intranet solutions. All of the shareholders have the ability to design and implement basic Internet site.

Come autumn 2009 and Vilotika was hot topic once again. Eetu attended to entrepreneurial Bootcamp in Cambridge and the business idea behind Vilotika was praised and consequently refined to business plan. Name of the product was changed to AVUS - Global Situation Awareness and Command Solution for Crisis Management Needs. The scope of the project was extended to include mission planning and reporting. New milestones were set and possible financiers were contacted. Raavus started to scope for new professionals and new partners to aid in the making of the new improved product.

4 Mission vision and value statements

Mission vision and value statements of Raavus Oy are gathered in Figure 2. Base to the existence of Raavus is the mission and therefore it is on the foundation. Values direct the way that Raavus is aiming to fulfill its mission and therefore it is directly above the mission to give a viewpoint on the interpretation of the mission. Vision is the spearhead of statements as it sets the overall goal and time limit to achieve that goal.

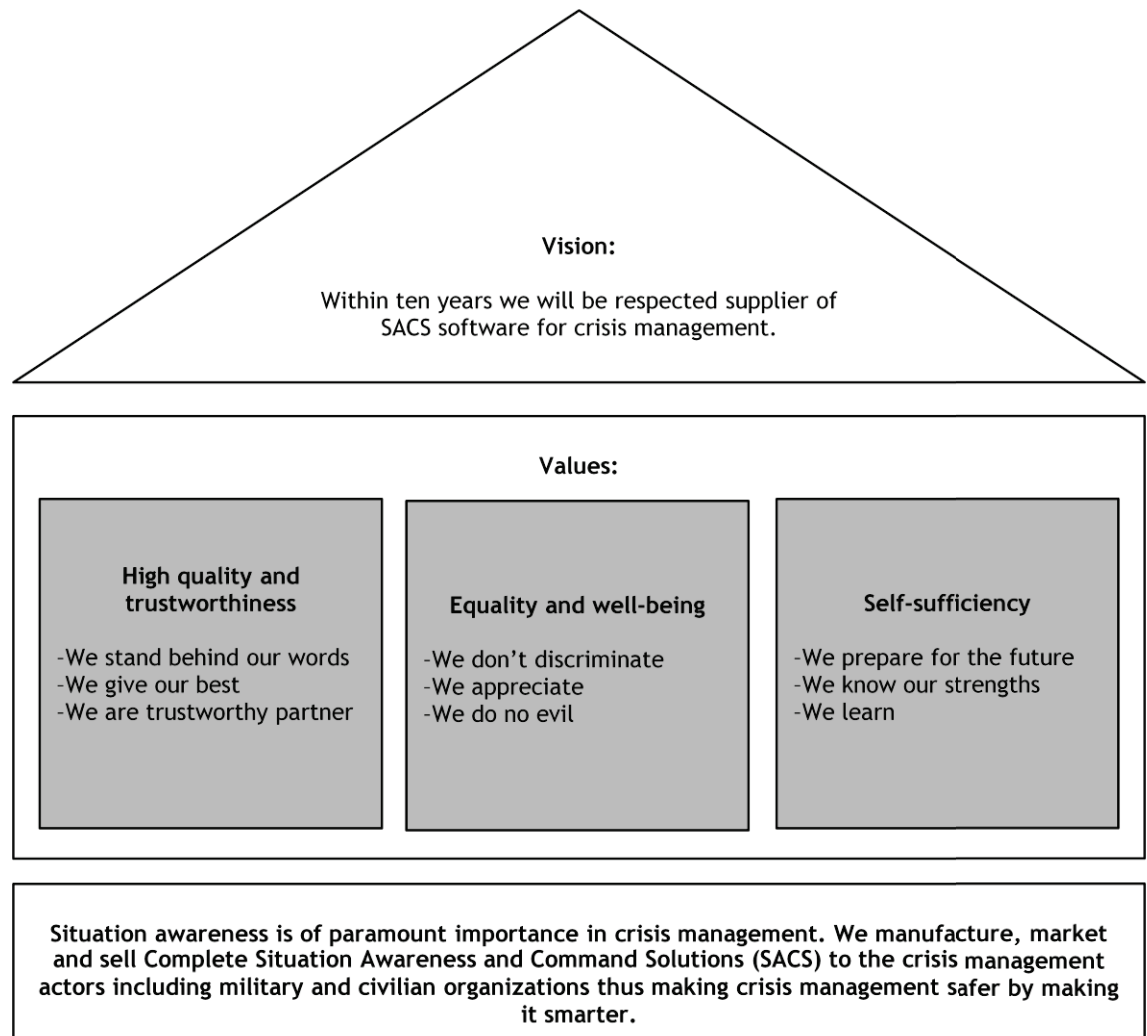


Figure 2. Vision, mission and value statements of Raavus Oy.

5 Goals and Strategies

Strategic goals are derived from the mission and vision statements. The best strategies have been identified by the shareholders of the company based on the recommendations of the CEO.

To achieve the goal set in the vision statement it is divided in to three year stages each with specific goals. This section describes those three stages. More detailed goals and strategies can be found from appendixes for the first three year part. Two later stages are not planned in detail yet as the environment will most likely impose new challenges and possibilities.

5.1 2010-2013

This stage is aimed at developing the core of the product with suitable military crisis management actors. Strategic goals and corresponding strategies set for this stage include:

1. Building the core of AVUS to be a robust enough for further development and additional functionality.
 - a. The core product will be envisioned by all shareholders with CEO as team leader. CEO and CTO are responsible for detailed development plan. If CEO is prevented then CTO is the team leader.
 - b. Technical development will be done by CTO and IT-engineer. Both are responsible for constant documentation to assure the continuity of project in case of something happening to one of them.
 - c. Input from Finnish military is requested on desired core functionalities.
2. Teaming up with one or preferably two military crisis management units to develop AVUS with.
 - a. Development contracts are priced depending on the customer to cost from 5,000 to 50,000€ per year to avoid public competition inside EU.
 - b. Pori brigade of Finnish defense forces will be the first military unit that the development version of AVUS is offered.

- c. Other units of Finnish defense forces are offered the development contract after Pori Brigade. Possible targets include Utti regiment, Signals regiment, Kosovo and Afghanistan.
 - d. Third step is to contact those militaries abroad that Raavus has direct contacts to including Estonia and Sweden.
 - e. Other countries are contacted only if not two units are found to develop AVUS.
- 3. Finding new shareholder and board member or even Chair who has experience, contacts and status from military and business to promote AVUS.
 - a. CEO and Treveco Oy are responsible for tracking possible shareholders that has the status and are interested.
 - b. This new member is offered maximum of 5 percent of shares sold by Eetu Kirsi and Oskari Summanen.
- 4. Choosing and developing the business logic.
 - a. Yearly licensing scheme with additional support fees including training, installing and helpdesk is considered for non-development customers after the AVUS core is perfected.
- 5. Further developing and communicating the player map and networks to secure transparency and add a layer of redundancy.
 - a. Player map is opened to all shareholders to develop and study.
 - b. Possibility to create interactive complete player map with associates trade partners and competition to intranet is looked in to by CTO and CEO.
- 6. Developing strategic communication inside the company.
 - a. Intranet will be developed to accommodate all written communications, plans and contracts. This project is led by Jyrki Kyynäräinen.
 - b. Findings from the internal communications plan are implemented. This project is led by CEO.
- 7. Developing strategic planning further including budgeting, marketing, selling, security, financial modeling and communications.
 - a. Strategic planning process refined during the creation of the Strategic Roadmap is implemented to all strategic planning. This process is directed by the CEO.
 - b. Outside help is required on budgeting, and financial modeling. Treveco Oy is responsible for economic sparring.
- 8. Finding out what our customers need.

- a. Raavus needs to keep track of customer needs to be able to provide the best possible experience. Every customer contact is a possibility to gather valuable information. VP of sales and marketing and CEO are responsible for external communications.
 - b. Development and marketing teams add customer value by synthesizing the needs to functionalities in the end product
- 9. Keep doing smaller projects to customers to ensure income and funding for operations.
 - a. All smaller projects will be planned by at least two shareholders so that completion of each project can be ensured.
 - b. Every project and its stage is reported to intra by responsible shareholder.
 - c. To ensure enough resources to AVUS project TCO and CEO are allowed to attain only one side project at a time.
- 10. Planning and creating marketing and selling material including brochures, demos, and presentations.
 - a. VP of sales and marketing and CEO are responsible for marketing and selling material.
 - b. Demo needs to be fully functional version of AVUS run in Internet environment. Passwords to demo are given to prospected customers.
 - c. Digital copies of selling material are uploaded to intra.

5.2 2014-2016

This stage is aimed at developing new functionalities to the core of AVUS. First civilian crisis management clients are to be expected. Strategic goals for this stage include:

- 1. Rolling out the first add-ons to the core including maps and additional interfaces for devices.
 - a. Specifics of the add-ons and complete roadmap will be detailed with organizations included in the development of the AVUS core.
- 2. Organic growth of AVUS core.
 - a. Some of the more promising new functionalities will be added to the AVUS core. These functionalities are picked by the board.
- 3. Broadening the stakeholder sweep to cover potential civilian customers.

- a. Capabilities and products are presented to civilian crisis management actors.
 - b. Capabilities of AVUS are matched to the civilian customer needs by the development team.
- 4. Start marketing and selling for civilian crisis management and for other than development units of military crisis management.
 - a. After the AVUS core is stable enough it is offered to all crisis management units are offered AVUS with complete support.

5.3 2017-2020

This stage is mainly aimed to finding optimal spinoff product lines in conjunction with strong sells to original target group. Completely redesigned product is considered to take advantage on new technologies. No strategies are set for this last period yet.

6 Appendixes

This main document is complimented by ten appendixes that further elaborate goals and strategies. Most annexes are secret and are only distributed to shareholders of the company. Communication of these documents is instructed in appendix I. Appendixes include:

- Appendix A: Action planning **SECRET**
- Appendix B: Description of strategic planning process
- Appendix C: Strategic analysis data **SECRET**
- Appendix D: Goals of Board and chief executive officer **SECRET**
- Appendix E: Budget planning **SECRET**
- Appendix F: Operating plan for the next fiscal year **SECRET**
- Appendix G: Financial reports **SECRET**
- Appendix H: Monitoring and evaluation of strategic plan
- Appendix I: Communication of strategy
- Appendix J: List of strategic documents **SECRET**

RAAVUS OY

STRATEGIC MAP
ACTION PLANNING
Version XX

XX.XX.XXXX
APPENDIX A
SECRET

XXX

Description of strategic planning process

This document and the strategic planning process are divided in three parts. First part gives the rudimentary framework for the process from start to finish. Second part gives instructions on teamwork and in the analysis and judgment on the relevant data. Third part deals with reporting and implementation of strategies. All strategic planning in Raavus is to follow these guidelines and instructions.

Frame

Before the official planning process begins the idea needs to be cultivated, presented to the board and approved by it. Main strategic document in Raavus is the Strategic Roadmap and all additional strategies need to be in line with it. Steps for a strategic planning process include:

1. Idea. Every shareholder or a group of shareholders can come up with an idea for a specific strategy.
2. Presentation. The idea is presented to the members of board in a message (intra) or face-to-face.
3. Permission. Validity of the proposed strategy is assessed and approved by the board.
4. Designation. After the idea is approved board designates a shareholder or a team of shareholders responsible for cultivation and drafting of the idea.
5. Assessment and rewriting. When the first draft is ready board gives proposals of improvement if needed. Assessment and rewriting can be done many times if needed.
6. Approval. Final strategy is approved by the board by two of the members.
7. Refinements. Changes are made when needed. They are approved by two board members. Every strategy is assessed again every six months.

Methodology

Methods to the actual strategy process depend on the type of the strategy formulated. Whether the strategy is formulated in a team or by an individual affects the process as well. There are two distinct parts in the methodology of strategy process in Raavus. First part is the identification of the goal that needs a strategy. Second

part is finding the relevant data and analyzing it to benefit the strategy formulation. Steps to achieve the desired result include:

1. Identifying. Goal of the process needs to be made clear before further steps can be taken.
2. Gathering. When the goal is clear relevant data should be gathered from variety of sources. Google is your friend.
3. Analyzing. Data needs to be assessed and filtrated. Methods vary depending on the strategy (SWOT, value stream mapping, POA, etc.). Google is still your friend.
4. Implementation. Information received from the analysis is merged with insights and feelings of the working group. Help is afforded by other shareholders.
5. Means to an end. A strategy is formulated so that every shareholder knows what is expected of them. Process of strategy formation is not the end but only a road sign showing where to go and how.

Release

After a strategy is approved to be implemented by the board it needs to be released and communicated to shareholders. Procedures for strategy release differentiate a little from other communications procedures of the company. Main focus on strategy communication is to ingrain the principles of the strategy at hand. Details don't really matter. Shareholders can check them when they remember where to look. When released, the feel and the vibes of the document need to be communicated. Next is a list of the procedure to release a new strategy:

1. Upload. The document needs to be uploaded to intra.
2. Notice. Give release notice to the shareholders by e-mail to address: osakkaat@raavus.fi. Include 1. Subject and scope of the strategy, 2. Responsible actors, 3. Timeframe and 4. Version.
3. Expound. Communicate the strategy when meeting with the shareholders.
4. Maintain. Keep the document up to date and inform of the changes.

These three steps allow for the strategy process to start and run smoothly, no matter who is the operator. Further instructions and correctives are offered by the CEO.

RAAVUS OY

STRATEGIC MAP
STRATEGIC ANALYSIS DATA
Version XX

XX.XX.XXXX
APPENDIX C
SECRET

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RAAVUS OY

STRATEGIC MAP
GOALS OF BOARD AND CEO
Version XX

XX.XX.XXXX
APPENDIX D
SECRET

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RAAVUS OY

STRATEGIC MAP
BUDGET PLANNING
Version XX

XX.XX.XXXX
APPENDIX E
SECRET

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RAAVUS OY

STRATEGIC MAP
OPERATING PLAN
Version XX

XX.XX.XXXX
APPENDIX F
SECRET

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RAAVUS OY

STRATEGIC MAP
FINANCIAL REPORTS
Version XX

XX.XX.XXXX
APPENDIX G
SECRET

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Monitoring and evaluation of strategic plan

Realization of strategies is monitored and evaluated by two way system.

1. Generic key figures. Key figures give information about the effectiveness of strategies. Key figures give the best indication of the success of the Strategic Roadmap. Key figures to be followed by the board include:
 - a. ROI
 - b. Revenue
 - c. Debit
 - d. Sells and prospects
 - e. equity ratio
2. Subjective quality. Every strategy is subjected to the review of the board before it is approved for distribution.

Communication of strategy

All strategic documents can be viewed by the shareholders of the company regardless of the classification of the document. Classifications, handling and communicating of the classified documents is covered in the security strategy. Classifications are assigned by the CEO and the Chair. Next chapter describes the procedure to communicate the Strategic Roadmap and other strategic documents.

MISSION AND VISION AND VALUES STATEMENTS ARE TO BE POSTED ON THE WALL OF EVERY OFFICE.

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3. Expound. Communicate the strategy when meeting with the shareholders.
4. Maintain. Keep the document up to date and inform of the changes.

These three steps allow for the strategy process to start and run smoothly, no matter who is the operator. Further instructions and correctives are offered by the CEO.

Communicating changes to the strategy map differentiate from the usual strategy communications as every shareholder is a part of the reformulation either by emergence or deliberately. Every shareholder should know the content and meaning of the strategy map at all times. CEO is the main communicator of the strategy map.

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